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November 14, 2008

LETTER OF COMMENT NO. 39

Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856

RE: Reference Number: 1610-100
Accounting for Transfers of Financial Assets
An Amendment of FAS No. 140

Dear Mr. Golden:

GR Solutions, LLC appreciates the opportunity to submit its comments on the changes proposed on September 15, 2008 to FASB Statement No. 140 ("FAS 140(P)"). In the interest of being as brief as possible, we wish to indicate that we concur with the October 30, 2008 Letter of Comment No. 8 submitted by Mr. Robert Traficanti of Citigroup, Inc. We wish to add our voice to the points made by Mr. Traficanti.

In addition, we would like to add further comments to Mr. Traficanti's observation:

> We do not believe that paragraph 9(c) (3) and the related implementation guidance, as amended by this proposed Statement, is operational in its current form. We are concerned that the same implementation questions that are currently raised by paragraph 9(b) of Statement 140 will continue to be raised in the proposed guidance. Specifically, whether a restriction on the ability to pledge or exchange a transferred financial asset *primarily* benefits the transferee or some other party, including the transferor, is exceedingly objective.

Proposed paragraph 54A makes very clear that the "primarily benefits" test is not workable and will simply lead to obtuse transactions to meet accounting rules. Under current rules, an transferee entity that is a Qualifying Special Purpose Entity ("Q" or "SPE") can have restrictions on its assets. If the transferor's retained ownership interest (trust beneficial interest, partnership interest or shareholder stock) in the Q can be sold or pledged, then sale accounting (all other tests having been met) is appropriate. In eliminating the definition of the SPE in FAS 140(P), FASB has proposed to also eliminate the free transferability test at the transferor level. We do not understand why transferor level test should be banished from GAAP along with the Q concept.

In the syndications we have seen, the transferor(s) sell their ownership interests in a transferee to a third party or parties. This process is the act of syndication. To be able to sell their ownership interest, the transferee entity articles of incorporation, partnership agreement, or trust document strictly limit the transfer of the assets contributed to the entity. Without the restriction, there is nothing to securitize – no market whatsoever. So which entity is "primarily benefited" – the transferor or the transferee? Obviously, their interests are one in same and not distinguishable. Indeed, it is difficult to imagine how a transferee will benefit at the expense of a transferor, if that transferor holds an ownership interest.

Rather than create a new long list of specific and detailed rules, we suggest a simple test added to paragraph 9(b) where the old text is currently deleted in the FAS 140(P). The new condition to be met could be one of two alternatives:

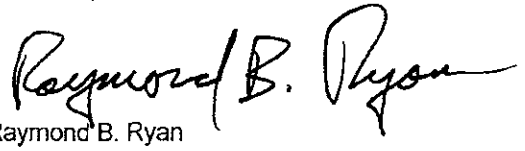
- The transferor has a full right to exchange or pledge its interest in the transferee; or
- The transferee has a full right to exchange or pledge the assets received from the transferor.

If our proposed change is adopted, the currently proposed paragraph 9(c) (3) and 54(A) should be deleted. Other paragraphs in FAS 140(P) should be amended to delete the ambiguous "primarily benefits" concept.

Note that our proposal would carryover, in part, the sale accounting test in the existing FAS 140. Still, the definition of a Q can continue to be eliminated and there is not an effect on the proposed changes to the FIN 46(R) consolidation rules.

Thank you for the opportunity to provide our comments and hopefully, you will find them helpful. Please feel free to contact me at 203-202-2144, if you or a FASB associate wish to discuss this letter.

Yours very truly,



Raymond B. Ryan
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