



LETTER OF COMMENT NO. 266

Sent: Wednesday, April 01, 2009 11:25 AM
To: Adrian Mills; Diane Inzano; Joseph Vernuccio; Kristofer Anderson; Mark Trench; Meghan Clark; Peter Proestakes; Russell Golden; Vita Martin; Wade Fanning
Subject: FW: File Reference: Proposed FSP FAS 157-e.

From: Lindsay Leeds [mailto:lindsayleeds@gmail.com]
Sent: Wednesday, April 01, 2009 11:16 AM
To: Director - FASB
Subject: File Reference: Proposed FSP FAS 157-e.

FASB:

I have a comment on question #2. A big problem with banks is a lack of transparency about what is on their balance sheets. Banks won't lend to one another because they are unsure whether fellow banks are insolvent.

This proposed change in rules makes matter worse than they are today. It allows companies to hide huge impairments in their balance sheets simply because the assets trade infrequently. So many of these financial instruments used today are so unique that of course they will naturally trade infrequently. Furthermore banks have no incentive to sell ever them at face value and recognize a loss when they can hold them for years under a "hold to expiration" exception.

This an outrage! If banks can't handle the fact these assets are somewhat illiquid - they should not invest in them. Let's not create future situations where totally insolvent banks can operate for years going further in the hole as long as they maintain a sufficient cash flow. That is not what America needs. We need transparency and accountability.

Regards,
 Charles Leeds
 Investor / Taxpayer

2. Will this proposed FSP meet the project's objective to improve financial reporting by addressing fair value measurement application issues identified by constituents related to determining whether a market is not active and a transaction is not distressed? Do you believe the amendments to Statement 157 in this proposed FSP are necessary, or do you believe the current requirements in Statement 157 should be retained?