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To:

Adrian Mills; Diane Inzano; Joseph Vernuccio; Kevin Stoklosa; Kristofer Anderson; Mark Trench;

Meghan Clark; Peter Proestakes; Russell Golden; Vita Martin; Wade Fanning

Subject: FW: Proposed FSP FAS 157-e

From: Ryan Stine [mailto:rstine@1stallied.com]

Sent: Monday, March 23, 2009 4:14 PM

To: Director - FASB

Subject: Proposed FSP FAS 157-e

Dear FASB Board.

We have been calling for modifications to mark-to-market for several months, and have the following comments to the proposed FSP FAS 157-e.

- 1. Yes, we believe that the proposed effective date for periods ending after March 15, 2009 is operational.
- 2. No, we do not believe this proposed FSP will improve financial reporting by addressing fair value measurement application because it doesn't impose a big enough change to FAS 157. We feel that statement 157 must be modified, but we feel the proposal is not sufficient. This proposal still leaves too many judgments that companies aren't willing to make, and we feel that step 2 of the proposal is inadequate.
- 3. We do not believe that the two-step model will be effective enough to correct the deficiencies in FAS 157. The error in the proposal lies in the assumption that a determination that a market is not active and also an identification that the transactions are distressed are needed. We believe that step one alone would be sufficient, and that step 2 nullifies the proposal. If a determination that a market is inactive can be made then any transaction made in that market should be considered distressed regardless of the time available for marketing activities or the number of bidders. The amount of time available for marketing and the number of bidders does in no way illustrate that a sale was not distressed. Manipulators could easily give the impression of multiple bidders in an effort to force companies to mark-to-market. Our suggestion is that the second step be eliminated, and that the identification of an inactive market is reason enough to use an alternative method of valuation.
- 4. No, we don't believe the factors listed in paragraph 11 are appropriate. We think the factors listed are appropriate but our suggestion would be to add some quantitative guidelines to the factors to eliminate some of the judgments the companies would have to make. For example, paragraph 11 factor (a) could have a guideline to the effect that any daily volume level below X% of the three month average volume should be considered insufficient recent transactions and therefore allows for alternative methods of valuation.
- 5. We do not have an opinion on the costs that would be incurred by the proposal. A more important question that could be asked is "How much capital would be preserved or created if the board were to issue this proposed FSP in its current form as a final FSP?".

We urge you to improve upon the proposal set forth in order to reduce judgments that will have to be made and remove step two because it does not achieve the goal of determining whether a transaction is distressed. The modification of FAS 157 is an extremely important step in stabilizing the financial crisis and returning the country

to economic recovery.

Thanks,

Ryan Stine

Chlebina Capital Management

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