

MEMORANDUM

TO: Mr. Russell G. Golden

Technical Director

Financial Accounting Standards Board

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Norwalk, CT 06856-5116

FROM: Peter M. Reynolds, Jr., CFO

Robertson Banking Company

SUBJECT: FASB Proposed Fair Value Changes

DATE: September 17, 2010

Thank you for the opportunity to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

For a non-SEC registered Subchapter S Corporation and Community Bank of 140 years, this push by the accounting profession for unrealistic measurements of financial instruments they don't seem to understand (maybe it's not the instrument itself, but more the industries management of this instrument) is a mark against use of GAAP accounting by the banking industry in its entirety. Bank regulatory agencies already dismiss some form of GAAP by not using it in Call Reporting Requirements. For some reason the accounting profession seems to continually push additional requirements that only confuse the end user, especially when it relates to what is more banking issues than accounting issues.

As Tim Long of the Office of the Comptroller of the Currency recently stated "Somehow, we've allowed accounting doctrine and the accounting profession to encroach on what is fundamentally a process of credit estimation, based on credit administration inputs," As this comment was pointed at the accounting industries pursuit of dictating how credit should be handled. I propose this comment also addresses the fair value accounting issue. Financial industry professionals (bank managements) should take ownership of valuation parameters through the pursuit of consistent earnings, not numbers guided by the accounting profession. If one tries to manage to minimize this measurement based on theory, the results could be disastrous in profitable reality.

Our shareholders are the ultimate customers of bank audited financial statements. I would propose the cost of this additional fair value endeavor versus the wants and needs of these investors is entirely out of balance, especially in the community bank world. I could ask any shareholder to give up its portion of distribution for new information on the value of our balance sheet as defined by this measure and not have one taker.

With some exception, a bank's value is a function of its ability to earn over periods of time (more so than most commercial endeavors), not liquidation value. Nobody buys a bank for its parts and dismantles it for a gain. Keeping this in mind, why would anyone value long term balance sheet components on short term liquidation values? The only exception seems to occur when lack of liquidity overcomes the ability to make decisions on holding versus selling financial instruments on a bank's balance sheet. No accounting measure with be able to define this scenario in a timely manner.