

From: paul@grandvalleybank.com
To: [Director - FASB](#)
Subject: File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"
Date: Thursday, September 16, 2010 3:48:07 PM

Paul Briardy
Box 245
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September 16, 2010

Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

Dear Mr. Golden:

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."

As Chairman of Grand Valley Bank, Heber City, Utah with \$255,000,000 in total assets, I am writing to express my opinions on specific provisions of the exposure draft. I should add that I hold an inactive CPA certificate from Nebraska. I spent 14 years in public accounting with the old firm of Haskins & Sells.

There are two main problems with mark-to-market accounting:

Banks take in deposits at a semi-fixed cost and invest that money at a higher interest rate in order to earn a "spread". Subsequent changes in the "market value" of the assets (loans & investments) because of movements in general levels of interest rates is of little importance to the bank because those movements do not impact the "spread" if the bank is properly managed. Accounting for interest rate changes on only assets (not liabilities) in the financial statements distorts the condition of the bank and the results of management efforts to earn a profit.

Attempting to mark assets to a market that does not exist is so subjective a process that it will make comparison of different banks' financial statements a very difficult task, prone to error.

I can tell you from experience that the regulators, in the process of analysing bank' condition, ignore unrealised gains and losses.

Thank you for the opportunity to comment.

Sincerely,

Chairman
Grand Valley Bank

