

September 24, 2010

1810-100  
Comment Letter No. 1523

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5116  
File Reference No. 1810-100

FASB Board members:

I am writing to represent the views of St. Charles Capital, LLC related to the FASB proposal for greatly expanded mark-to-market accounting procedures for U.S. banks. As a FINRA regulated investment banking firm based in Denver, Colorado, our firm specializes in raising capital and advising in mergers and acquisitions for banks in the Rocky Mountain and Western Midwest regions. I have personally been engaged full time in these activities for 29 years.

In recent years most of our activity has been focused on raising capital for banks, primarily for institutions in the \$250 million to \$3 billion asset size. Accordingly we have spent a great deal of time showing bank investment opportunities to institutional investors and have a good understanding of their views and preferences.

The vast majority of the investors that we speak with are very negative about the expanded mark-to-market proposal. They view the proposal as masking the long-term hold-to-maturity nature of the assets and liabilities that compose most banking companies' balance sheets. These proposals would therefore make the financial statements more difficult to use in understanding the true financial performance of the bank. But what is more often mentioned is the fear that such proposals would introduce much greater volatility into the bank's balance sheet and capital structure. Given the aggressive regulatory climate, most professional investors tell us that they believe that the greater balance sheet volatility introduces much higher regulatory and failure risk. Accordingly we have been told by several investors that such risk either will increase greatly the discount rates used in pricing investments in bank securities, or steers them away all together from investing in the industry.

In fact, certain investors have cited the current proposal alone as one of the reasons they have decided to stop looking at bank investments. Many investors have also mentioned that the FASB proposal makes the economy more pro-cyclical, resulting in increased capital cost for U.S. business in general. As a result, if the proposal were adopted, we believe it would make it harder for U.S. banks to attract capital leading to less lending and more failures.

In conclusion, it is our belief that investors in small and regional banking companies are opposed to the FASB proposal and believe that any advantages of disclosure are outweighed by fundamental harm to the institution. Thank you for allowing us to comment on the proposal.

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Sincerely,

A handwritten signature in black ink, appearing to read "Wesley A. Brown". The signature is fluid and cursive, with a long horizontal stroke at the end.

Wesley A. Brown  
Managing Director