

From: chburkeiii@aol.com
To: [Director - FASB](#)
Subject: Comments on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" Exposure Draft
Date: Monday, September 20, 2010 7:22:55 PM

Charles Burke III
420 S Pierre St
pierre, SD 57501-3224

September 20, 2010

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

Dear Mr. Golden:

Dear Mr. Golden,

I am a shareholder as well as the Chairman of the Board, President and CEO of BankWest, Inc. which is a 122 year old, \$750 million dollar in assets, family controlled financial institution located in Pierre South Dakota. I want to thank you for the opportunity to comment on FASB's Exposure Draft: Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities.

Community banks fund their operations by taking deposits and holding loans for the long term. Most financial instruments (loans) this bank holds are not readily marketable nor are there any markets out there to try and derive a value for our loans that in many cases are very unique to our individual markets.

The accounting that would result from this proposal would severely misrepresent the financial condition of our bank and other community banks. It is entirely possible that if the proposal were enacted that many banks would cease to exist as shareholders would rather invest in businesses that have a ready market in which to value the assets rather than in an asset (Loans) that have no like market in which the asset can be judged against.

Investors, shareholders, in traditional community banks have become investors for a variety of reasons. One of those key reasons is stability due to the current accounting practices afforded loans. A change such as the proposed could potentially be devastating to shareholders and cause many to want to sell.

In our case we may survive the exodus of a number of shareholders but in order to mitigate market risk, we as the bank will, most likely, cease making longer term loans in an effort to minimize the potential impact to capital with its corresponding negative impact to our stock value. As you know the alternative source of additional capital in today's world for most community banks, if the shareholders are unwilling or unable to purchase additional stock, is thru borrowings from other commercial

sources. Having to mark our loan portfolio to market, and of course there is no market, will cause a potential lender to be extremely cautious and reluctant because of the uncertainty and volatility created by compliance with this proposal.

Available credit is the life blood of the American economy. We are all ready experiencing a lack of credit availability due to significantly increasing regulations and the current regulatory environment in which the various banking regulators are working hard in reducing risk in our banks. Enacting this proposal will be devastating to the current and future banking environment when placed on top of everything we now face, even though most of the 8000+ community banks, of which I am one, were not the culprits that created the current crisis.

Again, we thank you for the opportunity to comment on this proposal.

Sincerely,

Charles Burke III
605-224-7391