

**From:** [lmilam@whitesvillesb.com](mailto:lmilam@whitesvillesb.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:** Thursday, September 23, 2010 4:23:06 PM

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Robert Milam  
38609 Coal River Road,  
Whitesville, WV 25209

September 23, 2010

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

Dear Mr. Golden:

I am the president of the Whitesville State Bank in Whitesville, WV. We are a small community bank of around seventy two million in assets. Our institution maintains a small loan portfolio with 53% of our assets in the investment portfolio. Given these facts, we are keenly aware of the pain mark to market accounting can inflict. The extreme volatility and misleading information, both positive and negative, need to be curtailed. Instead you stand poised to expand this volatility. Please abandon your plans for FASB to not go forward with the proposal.

The accounting that would result from this proposal would greatly misrepresent the financial condition of our bank and other community banks. Swings in asset values related to this measure will mislead the public and skew asset values from one day to the next. Vastly undermining the stability of the financial system and more importantly, small towns around the globe. You will destroy the slow and steady approach to finance and encourage risk taking and short selling to mask unrealized losses. The primary business of community banks is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis. The concept of total return will be a thing of the past and useless under your proposed guidelines.

Our bank has been extremely solid since 1946, using a conservative slow and steady approach. We take seriously the safekeeping of our community's deposits and work hard to deliver a fair return on investment for our shareholders. We are not drive by growth at all costs and profits regardless of risk. Your efforts are aimed at taming a beast that exists only in a small part of the entire financial system. You should focus your efforts on those that operate on the margins. Not devastate the entire industry to rein in the few miscreants.

We oppose the proposed accounting treatment for core deposits which calls for them to be regularly remeasured using a present value calculation. This would not provide accurate information and the calculations would be expensive and time consuming, particularly for smaller banks like ours that have limited staff resources to conduct the analysis.

We oppose requiring institutions to record demand deposits at fair value. We also oppose requiring fair value calculations for loans that are held for the long-term to collect cash flows. Fair value measurements will not provide a better understanding of the values of illiquid agricultural loans held by small banks in rural areas such as this bank. Community banks such as this bank create and hold small business loans for which there is no active market; it would be very difficult and costly to mark them to market. Establishing fair values for the types of loans held by many community banks like our bank would be costly and result in data of questionable reliability. The expanded reporting of comprehensive income is unnecessary, confusing and of little use to most financial statement users.

Reconsider your initiatives and get a full picture of this world's financial providers. I am sure your intentions are noble, but they are misguided. Please turn back.

Sincerely,

Robert L. Milam Jr.  
President  
Whitesville State Bank

Sincerely,

Robert L. Milam Jr.  
304-854-1271