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Via email: [director@fasb.org](mailto:director@fasb.org)

Technical Director  
 Financial Accounting Standards Board  
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Re: Reference No. 1830-100 for the Public Due Process to the Exposure Draft of a proposed Accounting Standards Update of Topic 820 issued June 29, 2010, due September 7, 2010 regarding for Fair Value Measurements and Disclosures Amendments for Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRS

Dear Sir and The Board Members of FASB:

Thank you for accepting my comments as a part of the public due process to the ED of a proposed Accounting Standards Update of Topic 820 for Fair Value measurements and disclosures amendments for common fair value measurement and disclosure requirements in US GAAP and IFRS.

For a number of years I have been employed as an analyst serving in various roles analyzing depository institutions and the financial sector. Moreover, I serve on the Committees for Improved Corporate Reporting and Corporate Governance/Shareholder Rights at the New York Society of Security Analysts ("NYSSA"), although my comments do not reflect those of my committee members nor the other members of the NYSSA. My comments reflect my professional experience, while also dealing with RAP and GAAP data reported by financial companies of various types and what serves as the data and reporting the public observes on the sector and its individual constituents.

**Preface**

Although my comments beginning with the preface do not serve to pound a bible against the Board and "agency" at the BigFinancials which I think has been engaging in self-dealing permitted by Fair Value reporting, The King James Version of the Bible gives us several verses quoting what God gave Moses, Solomon and later in Michah about His own thoughts on fair measurement. Rather than guild the lily, I would characterize Fair Value in its prolific use by bank management as unjust measures and accordingly their operating certain business lines are unsustainable but that Fair Value has advantaged.

<b>(weights)(1)</b> occurs 6 times in 6 verses in the KJV Page 1 / 1 (Lev 19:36 - Mic 6:11) <small>SHOW STRONG'S</small>	
<b>Lev 19:36</b>	Just <sup>6664</sup> balances <sup>3976</sup> , just <sup>6664</sup> <b>weights</b> <sup>68</sup> , a just <sup>6664</sup> ephah <sup>374</sup> , and a just <sup>6664</sup> hin <sup>1969</sup> , shall ye have: I [am] the LORD <sup>3068</sup> your God <sup>430</sup> , which brought you out <sup>3318</sup> of the land <sup>776</sup> of Egypt <sup>4714</sup> .
<b>Deu 25:13</b>	Thou shalt not have in thy bag <sup>3599</sup> divers <b>weights</b> <sup>68 68</sup> , a great <sup>1419</sup> and a small <sup>6996</sup> .
<b>Pro 16:11</b>	A just <sup>4941</sup> weight <sup>6425</sup> and balance <sup>3976</sup> [are] the LORD'S <sup>3068</sup> : all the <b>weights</b> <sup>68</sup> of the bag <sup>3599</sup> [are] his work <sup>4639</sup> .
<b>Pro 20:10</b>	Divers <b>weights</b> <sup>68 68</sup> , [and] divers measures <sup>374 374</sup> , both <sup>8147</sup> of them [are] alike <sup>1571</sup> abomination <sup>8441</sup> to the LORD <sup>3068</sup> .
<b>Pro 20:23</b>	Divers <b>weights</b> <sup>68 68</sup> [are] an abomination <sup>8441</sup> unto the LORD <sup>3068</sup> ; and a false <sup>4820</sup> balance <sup>3976</sup> [is] not good <sup>2896</sup> .
<b>Mic 6:11</b>	Shall I count [them] pure <sup>2135</sup> with the wicked <sup>7562</sup> balances <sup>3976</sup> , and with the bag <sup>3599</sup> of deceitful <sup>4820</sup> <b>weights</b> <sup>68</sup> ?

Additionally, this comment period seemed more short than other comment periods for EDs. Learning only September 6, 2010 of this ED on this topic, I am hoping my Comment is addative to the public due process on this ED.

Moreover, although the Board may not have desired the ED to result in a change in application of requirements of Topic 820, I will use this as a forum to express my opposition to the pernicious use of Fair Value ("FV") measurement throughout the Balance Sheet by the BigFinancials, but also promulgated by the Board as what now serves as our 'reporting model' for financial institutions engaged in the products and services of lending where the loans originated are not sold, but are retained on the balance sheet in the loan 'portfolio'. In either case, no good outcome is achieved when agency enjoys abusive discretion, its public accountants enjoy an influential role in the valuations or attestation, and that combination has insufficient separation from self interest on either part to accurately report commercial activities and/or deter choosing to engage in conservative commercial

activities and report them using the most conservative of US GAAP that we have remaining that hasn't been inflated or corrupted with FV.

FASB promulgated Fair Value measurement and associated reporting has served as either an accessory before and after the Fact, but I argue that it's aided and abetted this purloining abusing the voters' wallet after Congress and Treasury used it to flush the markets with liquidity after the BigFinancials caused them and the economy to seize-up. It is unjust that the public should endure agency abuse as something for which it has to pay in the scale that it has with this degree of open-bank-assistance for all the BigFinancials and so that their managements can enjoy comp like virtual American royalty after they've slammed their companies into the wall assisted by FV unrealized gains and losses that have relied on and make assumptions about moving markets.

Further, when management uses FV to value financial statement items, the unrealized gains - and virtually always are they non cash - as well as the FV of the hedge instruments along with their referenced items, the OTC derivatives trading and associated 'books' have contributed to producing a serious cash flow problem obscured by the FASB's legitimized reporting that enables agency to hijack the unrealized FV gains on the referenced items, the hedging instruments, other derivatives books, but in general and with these unrealized gains run through the Income Statement as if they're revenues that in the quarterly reporting cycle fail to realize to cash under the Concept 5 Definition of Revenue Recognition. I would characterize any noncash gain that enjoys Income Statement treatment as a faux revenue, that should be eliminated from the Income Statement or unrecognized at all, except perhaps an account in the Shareholders' Equity with a very descriptive footnote.

Banks and especially agency (management) at the BigFinancials have enjoyed the permissive abuse of FV corrupting their earnings with these have been well beyond what these enterprises should be 'achieving' given the US and global economies. The bogus, unrealized, non cash gains flow through the Income Statement, become monetized and when in earnings after dividends, come to take up undeserved space in the Retained "Earnings". Conceptually with this described as a form of a piracy, a large component of earnings comes from exploiting the worst of FASB's Fair Value *revolution* of OTC derivatives contracts' with associated non cash, unrealized gains rather than real cash flow producing revenues from interest on loans and asset management fees, or deposit fees for example.

Meanwhile because of the liquidity and cashflow problems at many of the BigFinancials, agency has been and is relying on short term, highly unstable, and considered unsafe, volatile Repurchase Agreements ("Repos") and similar liability funding sources. Repos and similar short term fundings are even characterized by the banking regulators and the Fed as risky, volatile funding, which typically disappears when markets correct or get nervous for some real or perceived crisis.

Enjoying cheap but risky funding, the BigFinancials have slickly crafted their own Enron availing themselves of the corrupting reporting model yet further eroding the quality of their revenues with less realizing to cash. If one remembers this is similar somewhat to Enron, which before failure was rated above investment grade which would enable it to enjoy Commercial Paper markets, but volatile funding also occurred with the 'brain-dead' thrifts during the 1980's "Thrift Crisis" before FIRREA-1989 created the Office of Thrift Supervision which closed distressed thrifts heavily reliant on 'hot money' such as brokered deposits at higher yields and the capital markets for other borrowings.

With many BigFinancials in relying heavily on repos - recall Lehman - and other short term, risky funding sources, all the BigFinancials with some sort of strange correlation also enjoy a large percent of their Income Statements activity impacted significantly by FV. Agency and its public accountants are both completely compromised from aggressive efforts to cease and desist this deleterious operating manner. Agency enjoys the FV goose to earnings in upward moving markets while their public accountants likewise have a gravy train in the depth, complexity, and size of the engagement similar to Anderson-Enron situation. Further with management the public accountant enjoys its major role in the discretion, the 'judgment calls of valuations then run through the income statement making management look better while giving more engagement time and demand to the public accounting firm which surprisingly even at some of the world's largest financial companies, is still ONE public accounting firm doing ALL the public accounting work at the issuer.

In Europe its enterprises enjoy virtually utility status with strong government ties where its managements use the permissiveness of FV. European corporations reflect the societies in which they operate. In the US however, management typically has had to, and should perform any way under the Concept 5 definition of Revenue Recognition. Indeed, given Concept 5 gives us management performance producing revenue that realizes to cash; revenue shouldn't be crippled with FV unrealized, noncash gains.

Further, aside from agency abuse to obligate the resources of the enterprise in contingent agreements aka - derivatives contracts, these do not have the institutional framework or business corporate governance law to trade, except for some exogenous event that allowed these instruments trade and plume. These instruments were legitimized, unregulated, unsupervised to trade over-the-counter ie, "OTC" by a provision in the Commodity Futures Modernization Act 2000 sponsored by Senator Phil Gramm not much after Robert Ruben, former CEO of Goldman Sachs before serving as former President Bill Clinton's Treasury Secretary accessed loophole, which would benefit his former and future employers in the trillions of unrealized gains from management abusing its position and contracting to oblige the bank and its resources beyond what even society could afford(2).

This ocean of agency contracted contingent agreements haven't the economic, commercial or legal liberty as if they were a common stock or option, or commodities exchange future contract to which management has no legal obligation. Unlike the enterprise's common stock or even its indenture and covenant protected bonds, with or without central clearing parties the FV of an OTC derivative or a hedge can't survive the test to trade without any agency obligation as a characteristic in those contracts that puts demands on resources of the enterprise which they've been legitimized to trade to serve their self interest.

Moreover, the banks are insufficiently capitalized to engage in this enterprise obligating contracting, and then the trading about of these obligations. Worse, the system is insufficiently collateralized even with the fraud of the faux FV earnings, to produce the funds that would serve as the collateral the central clearing houses are saying they would need to trade and clear these contracts. The voter already has provided between \$10Trillion to \$16Trillion in funds; the voters' wallet collateralizing central clearing so that the BigFinancials can engage in this abusive contracting and self dealing while paying themselves vast sums in comp is way beyond abuse. Corporate law has torte as well as various sorts of fraud where agency can not engage in activities that also are deleterious to society and hurt the whole as in the financial system, even though the BigFinancials would attempt to monopolistically claim THEY ARE the financial system.

As I'd mentioned, while engaging in their abuse and reckless operating practices in part using unsustainable business lines, agency has enjoyed astonishing comp packages based on the corrupted revenues flushing the Income Statement in part produced from the FV of these contracts aka "instruments" and their trading. As it were, I contend all of this activity valued using FV has contributed to bilking the enterprise.

FASB promulgating GAAP has further enfranchised these instruments when unrealized. Even if realized, notwithstanding often with non cash gains run through the Income Statement – GAAP and 'harmonization' now serve as an accessory before and after the fact to this agency abuse. Although this isn't the Board's problem, when connecting the dots, agency has enjoyed its role and power in all of this, while paying itself well beyond what it should have. With the contracts' scale even when in their claim with netting, it still doesn't warrant the comp the sorcerers' apprentices have wrangled given the problems of this unsustainable and socially costly line of business enjoying FV measurement and associated reporting.

#### **Comments to the ED**

Again, although the Board doesn't intend for the amendments in this proposed Update to result in change in the application of the requirements for Topic 820, I have some suggestions. For financial sector companies except for their marketable securities trading account, given most banks lend with the intent to portfolio the loans, or any item on the balance sheet shouldn't these be reported at historical cost until an actual gain is realized by a true sale? When a sale transfers rights and privileges of ownership to a new owner triggering what is 'realized', rather than unrealized when there hasn't been a transaction, the item would get historical cost treatment if no sale occurs. No change to the balance occurs other than for amortization impact without any unrealized, non cash gain running through the Income Statement unless it's accrued interest or fees from origination and related services.

The Loan contract typically would have a cashflow of interest and principle which can be discounted, net present valued, and if sold; those metrics determining its value has historical practice.

On Page 2 of the ED, the Board asks for comment on the following:

1. Highest and best use and valuation premise. I suggest it add a definition of this to the Glossary; I was unsure of its meaning and in vain looked for it in this ED's glossary. I suggest the Board also add a definition for "Blockage" for which I also searched in and found missing from the Glossary.
2. I also oppose the Board and this ED suggesting that Topic 820 should permit exception if assuming FV reporting, when a reporting entity manages its exposures on a net rather than gross basis. In this case with financial sector enterprises, netting anyway assumes among other things, a stable, uncorrelated market environment proven fairly often to be an imprudent assumption. FV and this ED sort of remind me of rearranging the deck chairs on the Titanic with FV making the iceberg's damage even worse.

Warning: these are not clean nets like a wash trade in common stock, or even a NYSE exchange cleared option matched against a common stock or COMEX traded and cleared commodities contract of some sort. And the instruments that serve in the netting have criteria to attempt to mitigate the moving target aspect to these positions in conjunction with either a referenced item or for Risk Management or for proprietary trading, positions that agency attempts to fortify in markets that can and have needed correction, while in an economy that's been collapsing. This has been obscured while also spurred by this financial sector enron-escque cashflow-liquidity crisis, and that occurring inside their enterprises, where agency has used virtually any means to obscure THAT negative cashflow/liquidity deficit status that FV's unrealized non cash gains aggravates.

With the Bigfinancials insufficiently capitalized to engage in this contracting to this degree, obligating the resources of their enterprises using FV measurement regardless, on a net or a gross basis, either the unrealized gains produced by FV on those instruments of those accounts run through the income statement. Perhaps this is demonstrating FASB is

either ignorant about the lack of economic and commercial quality of revenues produced in this way or are complicit with this crafty way for agency self-dealing. Again when FASB accepts management's representations about its net risk exposure reporting and practices as if there is no reason for any sort of skepticism, this concerns me. If in assuming agency's representations of managing the enterprise's various risk exposures are credible and properly reporting its RM and cash flows in the enterprise and it isn't showing sign of problems in RM and cashflow in the enterprise, it still is a little amiss for FASB to promulgate FV GAAP for these items that shouldn't be or don't need Fair Value measure except in the true sale circumstance and/or in Marketable Securities, "Investments", etc. sorts of accounts.

On page 3 in Number "2", in line with 'harmonization' with IFRS, FASB states in this ED that the proposed amendments would result in US GAAP and IFRS having the same requirements for measuring the FV of financial instruments. Perhaps because I haven't accepted nor supported 'harmonization of US GAAP with IFRS, why would the FASB want this when commerce in Europe is different than commerce in the US both at the federal and state jurisdictions as a result of our legal framework. Europe doesn't have this distinction to the same degree; even before crisis outcomes that should have been dissimilar given our legal framework and our property rights, how can FV measurement warrant the same treatment in GAAP-IFRS to properly reflect and report commerce's performance in either jurisdictions.

Meanwhile because it wasn't the purpose of this ED to change application, if in the reporting period no item at level 1, 2, or 3 has changed ownership with full transfer of rights and responsibilities ie, no true sale, then there should not be an FV treatment of any period change in carrying value obtaining Income Statement access if there are unrealized gains or losses on those balance sheet items. Perhaps there would be detailed disclosure of a reconciling account in the Shareholders' Equity section as I'd mentioned.

Again, every year however, the Fed inflates the money supply by 3%, which the Fed calls 'growth' and the people assume is 'growth' meanwhile would serve as something that management would attempt to claim as a part of their operating prowess. FV isn't going to effectively snag this.

Where Historical cost benefits investors, it more so serves to stem agency abuse especially when agency isn't advantaged by upward moving markets and unable to run FV unrealized gains or loses through the Income Statement or Accumulated Comprehensive Income to net or offset against loses selected for earnings smoothing. For financial institutions FV reporting encourages serious agency abuse that FASB has failed to stem or expose rather than then protect, and in the case of promulgating GAAP now even has armed management in its abusive financial measurement reporting practices. I would argue that representation that FV measure as a superior reporting model with its associated unrealized and non cash gains as a reporting convention haven't survived the test rather than Historical Cost, even Mixed Attribute.

Additionally, using FV reporting of management performance is not transparent even where there is disclosure; agency still enjoys abusive discretion to self deal, prospered now with the FV reporting model. This disclosure isn't the same quality; with FV permitting unrealized gains to pollute earnings versus accruing interest from performing, amortizing loans producing cash flow over the revenue cycle monthly, quarterly. Revenues that realize to cash is both quality reporting as well as better quality commercial banking in the case of the financial system. From Revenue, Cash realized is a real asset to report while an unrealized FV gain is about the same bogus, non-substantive and inferior item as goodwill from overpaying in a purchase accounting transaction or diluting earnings in the former 'pooling-of-interest' method used in business combinations.

All of this has had an element of having hijacked the Conceptual Framework when the reporting model can give a value to these contracts but the economic corporate governance underlying concept of the reporting model fails to account for the cost of the externalities of agency trading these contracts which has obligated enterprise resources merely because the benefactors such as wallstreet and the BigFinancials bought and paid for federal legislation to legitimize this additional method to create financial fools gold on and using other peoples money by running these unrealized gains through the Income Statement. FV measured unrealized gains in the Income Statement fail to economically or commercially satisfy the all-in costs including externalities embodied in the contracting. Reporting net or gross, FV unrealized gains fail to satisfy the all-in costs of all these obligations. And the hedging reported together with the referenced items obscures the true value of the real underlying items, meanwhile also obscuring income from underlying management decisions involving those assets, liabilities and financial management.

Enron, the dotcoms, the negative liquidity/cash flow problems at the bigFinancials and their solution to use short term, risky repo funding, TARP, TALF, PPIP, the Fed means with its Discount Window and other Asset purchases all show the problems facilitated by the proliferation of FV measures and 'trading' activities that are unsustainable except for access to others' wallets. We're looking at where the FV measure and use as a reporting framework with or without harmonization has given us institutionalized avenues for more moral hazard when agency can engage in their lines of business sustained by all these other socially and commercially counter-productive liquidity mechanisms.

If financial reporting, improved disclosure and transparency were to give us reasons to invest, agency access to FV unrealized gains hasn't represented the best that FASB intended with FV and this ED because in general FV it hasn't served as a means to make it difficult for management to self deal or operate in self interest. To the contrary, this ED and FV as a reporting model stokes the fire for agency to operate in moral hazard.

To this magnitude Agency probably wouldn't write these contracts and obligate firm resources if it had to report this all under historical cost accounting and footnote these as contingencies which would encounter policing by various regulators and sophisticated investors in financial stocks. Rather than their Dodd Frank, repealing the CFMA2000 which was the legitimizing legislation that allowed trading of these contingencies, there would be far fewer of these contracts and the public in its wallet may still have had its \$10T to \$16T or there would have been the salvation of rather than where more public funds risk facing future commandeering according to Senator Dodd, given what he acknowledged the legislation failed to correct.

When wallstreet was partnerships it virtually never engaged in activities that were cash parasitic, that risked the enterprise and its resources beyond what their wallets and their nerves could handle. Under the corporation model, unless the owners/founders of the firm also are a part of the management which if that is the case probably would make more cautious decisions about operating activities and strategies than enterprises where agency is paid large sums regardless of professional conduct and operating decisions. Conflicted and/or unsophisticated Boards, ignorant of slick ways of inside dealing risks in publicly held financial companies have aided and abetted the problems. And now with both an accommodating reporting model and legitimizing legislation that allows the swapping or movement of these contracts that agency probably should not have written, but definitely these items should not have been allowed to trade, nor their unrealized or even realized but non cash 'trading' gains monetized through the Income Statement.

The permissiveness of trading this paper which is connected to the enterprise's resources has encouraged management to write yet more and plumes this financial paper vastly beyond not only its capital and collateral means but likewise now - society can support. If the voters' wallet hadn't been commandeered to liquefy the financial system, except for a triggering event in many of these derivatives contracts haven't cashflows like an interest rate swap where there are coupon payments. In part, the writing and maintaining the line of business that embodies many of these contracts which obligate bank resources all-in-all have cash parasitic characteristics and are a financial menace of sorts except to agency which has used this as a means to self enrich.

In a banking organization typically the regulators attempt to prevent unsustainable lines of business that bilk the enterprise of means, especially when those enterprises are taking money of depositors and upon liquidity problems or insolvency, the Deposit Insurance Fund has to provide funds for resolving the distressed or failing institution. Typically investment banking in the size and form we've seen hasn't existing under a bank holding company charter. As Chairman Bair and perhaps even Chairman Bernanke observed that our deposit insurance and most of our contemporary banking regulatory model has developed since Glass Steagall legislation separated commercial from investment banking, and the later usually weren't publicly traded companies.

I can see FV for its Marketable Securities account or its investment portfolio of Treasuries, Agencies and what were considered liquid securities or equities. Otherwise only agency is benefited with FV's unrealized gains are run through the Income Statement and used for Income Statement gaming and earnings management. Hedging and referenced item FV unrealized gains along with realized gains that yield to cash still fail the transparency test, especially when analyzing BigFinancials' which fail to separate in their reporting what Revenues realize to cash distinguished from the FV impact which produce noncash unrealized gains or losses. All other stakeholders including investors which FASB attempted to accommodate with FV, quite the contrary - only agency is benefited, regardless of their stock holdings. That conflicts them even more because they'll look for avenues of easy even faux gains legitimized by other social institutions such as permissive legislation and the reporting model to declare revenue that is obscured along in the revenues realizing to cash from self-sustainable banking activity.

Short of management operating with Open Books, no matter how expanded the disclosure of FV measure, its use by the BigFinancial and the degree of public accounting influence on that discretion on the OTC derivatives and hedges, etc throughout the balance sheet is seriously deleterious to these enterprises, the sector, the stakeholders, and the US economy at large. FASB and IASB may think its Roundtable addressed whether Fair Value measure and associated reporting produced the financial crisis. Although that may be true in form that FV didn't specifically cause the financial 'crisis', in substance it added fuel to the fire.

That agency could engage in its self dealing to the degree that it did when the OTC derivatives trading doesn't nor hasn't had to realize to cash, the FV noncash unrealized gains monetized through the Income Statement management used to bilk their enterprises while pluming these contracts that have obliged their firms' resources while relying on inflated reporting of non cash unrealized gains from weak, or in some cases crippled non existent markets, then expect the voter and investor to bail-out the self-engineered collapse again is moral hazard. Adding to that in the ISDA agreements the governments' backstop availability is implicit in the contracts wasn't factored by FASB when either harmonizing or promulgating FV measure also for use more broadly.

Although what the US government permitted with ISDA agreements by US BigFinancials isn't FASB's fault, FV offloads or separates and attempts to steal or access the time value of an asset or liability, with agency being the first in line to enjoy the piracy facilitated by the reporting model and measure, but the voter paying the consequences when the bogus nature of the separation of it outside of something like interest on a loan contract or on a deposit - gets exposed in the market correction necessary because the overall economy is burdened by agency's unsustainable business practices for which it is extracting wealth or means that in historical cost reporting or mixed attribute would remain with the asset until a true sale realized to cash, then triggering tax consequences, but means of some sort that go back to society rather than only getting purloined into management's wallet by way of FV's unrealized, noncash gains.

Fair Value has served as either an accessory before and after the Fact, but I argue that it's aided and abetted this purloining abusing the voters' wallet after Congress and Treasury used it to flush the markets with liquidity after the BigFinancials caused it to seize-up. I don't see the public enduring agency abuse as something for which it has to pay in the scale that it has with this degree of open-bank-assistance for all the BigFinancials and so that their managements can enjoy comp like virtual American royalty after they've slammed their companies into the wall assisted by FV unrealized gains and losses that gave the pretense of earnings and that rely on and make ignorant assumptions about moving markets with regard to netting purposes or net reporting.

FV neither prevented the credit bubble nor the self-engineered financial system collapse modeled somewhat on what we saw with enron and the 1980s 'Thrift Crisis' of distressed institutions burdened with real estate problems and associated mortgage paper, bringing us to where the BigFinancials are using these operating tactics and gaining access to Open Bank Assistance by Congress and Treasury. It isn't a spurious correlation to connect FV measure on the derivatives contracting and agency self dealing with the non conforming and non performing mortgage product that also parasited cash flows.

But less use of, or no unrealized non cash gains probably would have prevented the polluted earnings to the degree see we saw when in 2007 managements reported record breaking earnings in an ailing economy, while going bankrupt in their 2008 liquidity crisis. What happened to the cash? As I've observed in the past, management has access to the cash, but also in its role of responsibility, it has control over the books. FV gave agency a way to abuse the books and report profits that didn't produce cash and engage in business lines and practices that are unsustainable. Better FV disclosure would not have stopped that train wreck.

Separating the cash from the non cash activities may help, which sadly not even the cash flow statement now can effectively capture given the hedging combined into the reporting with referenced items. Thank God in the footnotes there is disclosure over income statement impact of the hedging and their valuations, and it's a shocking percent of a bigFinancials' earnings but again these are non cash unrealized gains, thus failing to realize to cash.

On page 5 or 6 where the ED mentions in 3b wants to report under a notion of 'best and highest use', why would this be a factor in reporting unless it is an effort to mitigate management self dealing using the reporting model, although FV fails to do that. Additionally, improving the comparability of FV measurement represented and disclosed the financial statements prepared in accordance with US GAAP and IFRS isn't going to really happen or prove effective largely because of agency discretion and what the different legal and commercial jurisdictions will produce.

Further, given the standards in US GAAP and IFRS are different that require or permit FV measure, and that there are differences that are understood, it likewise is important to understand what is behind those difference and if those differences are because of jurisdiction and similar institutional frameworks. Although this isn't a forum to protest harmonization, contempt for these differences gets us the inferior, obscured, management friendly reporting model that harmonization would bring us. Legal differences in different jurisdictions produce differences in commercial activities and structures, tax code, wealth development, all which the reporting model attempts to present or represent in financial reporting. Assuming that's the case, why would we accept the reporting model and underlying conventions of the Europeans? How does that responsibly capture US commerce or what's sacrificed in better US GAAP that more accurately reports domestic commerce but is overlooked or poorly reported by harmonizing with European reporting under IFRS?

My response to Question 1 on page 8 is: does it really matter given the degree of management discretion to assign values? Why without a transaction would this be done? Management would be the only benefactor of an unrealized gain or a self-advantaged loss, when the item or instrument is Fair Valued and in turn with the unrealized gain run through the income statement. Even the reporting model non harmonized or otherwise are nearly encouraging TooBigtoFail and increasing concentrations of power through, and in which agency will enjoy ability to abuse power.

My response to Question 2 – I'd have to see this in example form and applied given FV measure already contributes to agency discretion and associated abuse by what and how it chooses to report in the Income Statement.

Question 3: what's the Board's thoughts on whether this reporting or what reporting is better representative of one firm's stake in another. How did the Board arrive at this?

#### Question 4

- a. no; virtually anything that management at BigFinancial proposes I would analyze why and consider what would be the better change.
- b. consider the method of reporting that obscures or fails to fully report what management is doing what it's valuing. I am interest to avoid what will erode transparency, rather than propose guidance that allows management to offset and either potentially avoid reporting 'ours'-'yours' or assets and liabilities with regard to OTC derivatives and associated positions of all types of derivatives and balance sheet exposures.

Again these aren't clean nets. The "net" is a moving target of partial offsets that the Board either doesn't appreciate or is willing to give management a pass to report its crafted, trumped up valuations. Without reporting the 'ours'-'yours' exposures that drive what the Reporting gives us as 'hole' or the 'net' will again obscure those exposures. People could be deceived or confused into thinking

the 'net' is the only worry and not how and in what way they got there. Again, "net" assumes stable, uncorrelated, status-quo markets, while we know that the markets are not very stable and are more correlated and especially so in times of stress and turbulence. This subjects 'net' to flux and the reporting shouldn't spring surprises on the User of the financial statements or stakeholder. FASB's aim also should be to minimize financial reporting risks. Accepting "Net" reporting are giving a pass to the significant amount of judgment that goes into that number and mostly for management self dealing, self interested purposes.

The public suffers with more reporting that obscures the true state of affairs at the enterprise. Markets like commercial paper ("CP") deserve better, more transparent disclosure by companies force to operate meeting a higher bar whose earnings are more from revenues that realize to cash than from unrealized, non cash 'gains'. The big derivatives writers that are the ISDA members also are big users of CP. Net reporting obscures problems while allowing more undisclosed risk and fosters reporting by marginally run public companies that are relying more and in the case of the BigFinancials, heavily on short term, CP funding because FV allows management to game its Income Statement and Balance Sheet for self interested reasons.

Question 5. What is blockage and why/for what is it used?

Question 6. This sounds again like elements of management abuse and discretion that can game the Income Statement or in one way or another permitting agency to use FV gains is more of a problem than not.

Question 7. It may be better than nothing at all but what will address when there are risks of the FV assumed management manipulated earnings, etc?

Question 9. Why limited? What kind of reporting risk are stakeholders going to encounter?

Question 11. No, regardless of the nature of the ownership, all reporters should be required to comply although FASB should cease harmonization and shed FV measure use in the reporting model generally because the facilitation it has provided for agency discretion ie, its judgment call and those of its public accountants that have spurred self dealing, gamed earnings in the Income Statement and Accumulated Comprehensive Income, Statement of Cash Flows, Balance Sheet abuses which the gaming contributed to by unrealized gains have facilitated the BigFinancials' cash flow problems and encouraged their crippled and unsustainable operating strategies that parasite resources from elsewhere in the enterprise, the Fed, capital markets, and the voters.

On page 15 in 920-10-05 1A where the public due process and the big reporters/BigFinancials that have access to the Board also have politicked for elevating the status of OTC markets as if they're as organized as NASDAQ or the NYSE or the COMEX, etc and what contracts trades over those to which the enterprise owes no contingent obligation versus the derivatives contracts that trade OTC including the enron like energy derivatives and other agency contracting that has obligated enterprises on a unclear, moving target.

And commenting on 820-10-05 1B – why leave this up to management and like enron and Anderson where there is only 1 public accounting firm both which profit mutually from the FV abuse at the enterprise and complicit dealings when the framework and administrators of that are to give stakeholders unaffected, unbiased, unself-interested reporting of management performance?

Thank you again for accepting my comment in the public due process for this ED of a proposed Accounting Standards Update of Topic 820 for Fair Value measurements and disclosures amendments for common fair value measurement and disclosure requirements in US GAAP and IFRS. I look forward to see the Board's decision about what decisions it will take regarding this ED and FV measurement and its associated reporting in our US GAAP.

Respectfully,  
Andrea Psoras

(1)<http://www.blueletterbible.org/search/translationResults.cfm?Criteria=weights&t=KJV&sstr=1>

(2) According to ISDA, the Swaps dealers' Association, netted derivatives exposure 'settles' at \$25Trillion. Not all the Bigfinancials together – the top 5 of which have most of that exposure, have sufficient capital for their commercial banking activities let alone \$25T of exposure to OTC derivatives traded.

cc. SEC, PCAOB, the Fed, OCC, FDIC, NYSBD, NYAG,