

August 23, 2013

Financial Accounting Standards Board (FASB)  
FASB Technical Director  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

RE: File Reference No. PCC-13-01B

Dear FASB Technical Director,

This comment letter represents the views of Credit Union of Southern California (CU SoCal) regarding FASB's proposed alternative within generally accepted accounting principles (GAAP) concerning the accounting for goodwill in a business combination. CU SoCal has 56,000 members and \$724 million in assets. We appreciate the opportunity to provide comment on this alternative rule.

We consider goodwill to be a weak asset of questionable value. It represents the excess of the purchase price (entity value) over the fair value of net assets, which implicitly assumes that some intangible value exists of which the buyer is aware, and does not even consider the possibility that the buyer may be overpaying for the entity acquired. This is further complicated by the recognition of a bargain purchase gain if the fair value of net assets exceeds the entity value; in this case, why isn't negative goodwill recognized under the assumption that a seller must know of some negatively valued intangible asset if he is willing to sell for a price below the fair value of net assets? The softness of goodwill as an asset is periodically illustrated when one reads of a company taking a large charge for goodwill impairment. Given the foregoing, we are in favor of a mandatory 10 year amortization period, as it gradually removes a weak asset from the balance sheet.

Thank you for the opportunity to comment and for considering our views on the proposed alternative regarding the accounting for goodwill in a business combination.

Sincerely,

Peter Putnam  
Chief Financial Officer  
Credit Union of Southern California

cc: California and Nevada Credit Union Leagues