

StoneCastle Financial Corp
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STONECASTLE
FINANCIAL CORP.

March 3, 2015

Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
Attention: Marc Siegel

Dear Marc,

Over the course of our dealings in the marketplace, we have come across an issue that we would like to bring to your attention.

According to GAAP, an entity that intends to pay a dividend to shareholders is required to record a dividend payment on its balance sheet on the date the dividend is declared. In the case of companies issuing cumulative preferred stock, which have regularly scheduled dividend payments, while these dividends are required to be declared and paid on specific predetermined dates, they may choose to defer these payments. In those cases, the dividend amount payable is calculated but not reflected in the operating results or capital of the entity. Rather, the only requirement is footnote disclosure of the amounts deferred.

From the issuer's perspective, if a large amount of cumulative preferred stock dividends have accrued, it would seem that a case would occur where the book value of the common stock is overstated, misrepresenting the amount due to the common stockholders on liquidation, and the amount due to the cumulative preferred stockholders is understated. In the case of a regulated depository that has been deferring on cumulative preferred stock, the capital Common Equity Tier 1 ratio could hence be overstated, while the total Tier 1 capital ratio would still be accurate.

From an investor's perspective, similar to how revenue is recognized when earned, and expenses are recognized when incurred (regardless of payable date), it would seem that an investor that purchases a cumulative preferred stock (which is deferring dividend payments) should earn income reflecting dividends with payment/coupon dates occurring after the purchase of the security. However, despite the fact that the dividend has been calculated and is contractually required to be paid, because it was not declared, the dividend cannot be recognized by an investor. This seems inconsistent with the actual liability due to the investor. Rather, the investor holding the securities at the time of the eventual declaration date will earn the past dividends, but under GAAP there does not seem to be an accounting for this increasing amount due to the holder of cumulative preferred stock. Thus the declaration date of the dividend is governing the date of recognition of both the recording of liability by the entity, and the investor's income, rather than the date when the preferred dividend was contractually incurred.

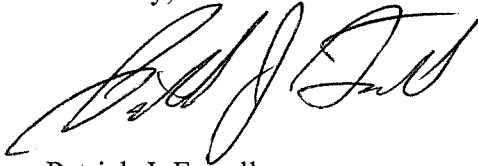
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We ask that FASB examine this apparent inconsistency in the treatment of recording of dividend payments.

We look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick J. Farrell". The signature is fluid and cursive, with a large initial "P" and "F".

Patrick J. Farrell
Chief Financial Officer