JEFFERSON
CAPITAL SYSTEMS, LLC

January 15, 2019

Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Via Email: director@fasb.org

Re: File Reference No. 2018-300, proposed Accounting Standards Update, Codification Improvement-Financial Instruments

Dear Ms. Cosper:

C.L. Holdings, LLC (the Company) appreciates the opportunity to comment on the proposed Accounting Standards Update ("ASU"), Codification Improvements-Financial Instruments (the "Proposal") issued by the Financial Accounting Standards Board ("FASB" or "Board") on November 19, 2018.

We strongly support the FASB's efforts in conjunction with its Credit Losses Transition Resource Group to improve the guidance related to ASU 2016-13, Financial Instruments-Credit Losses (the "Standard"). We endorse the principal of recording a negative allowance to recognize the impact of estimated recoveries to determine the net amount expected to be collected. In addition, we believe that the proposed amendment to paragraph 326-20-35-8, which removes the recognition of recoveries only when received, will result in more timely measurement of changes in outlook when calculating the allowance.

As background, the Company's primary business is the purchase and collection of charged off consumer receivables portfolios. We purchase these portfolios mainly from credit grantors on a discounted basis. Our valuation of the accounts purchased is always done on a pool basis and is based on the projected future recovery cash flow considering the pool's age, geographic distribution, and other factors.

The Standard's requirement to measure results at the individual loan or account level would not allow us to appropriately account and report the financial results for our business. Since a substantial majority of our accounts have not provided any recoveries due to their distressed nature, it would not be meaningful to develop cash flow forecasts at an individual account level. The aggregation criteria and guidance in ASC 310-30 allow us to aggregate individual accounts with similar risk characteristics in quarterly pools and use these pools as our unit of account to set initial yield, recognize income and measure impairment which we report to our investors and other GAAP financial statement recipients.

We use analytical models developed over the 20 years our Company has been in business to prepare detailed forecasts at the pool level to support these measures. The forecasts reflect the risk diversification inherent in a pool based forecast versus on an individual account basis.

We believe incorporating the recovery guidance into the Standard solves the problem noted above. The use of a negative allowance will allow us to appropriately reflect our investment amount on our balance sheet. Pool based measurements and forecasts will also allow us to determine yields and revenue attributable to the period being reported.

We appreciate the FASB's consideration of our comments. Please let us know at your convenience if you would like to discuss them further.

Sincerely,

E.P. Dunn, Jr.

Edward P. Dunn, Jr.
Chief Financial Officer