

FINANCIAL ACCOUNTING FOUNDATION

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October 2, 2008

The Honorable Barney Frank
Chairman
Committee on Financial Services
U.S. House of Representatives
Room 2128 Rayburn House Office Building
Washington, DC 20510

Dear Mr. Chairman:

Effective accounting standards are achieved only when the standard-setting process is independent and free of undue political influence. As the independent, private-sector organization responsible for oversight of the Financial Accounting Standards Board (FASB), the Financial Accounting Foundation (FAF) is deeply committed to protecting investor interests through our long-standing mission to protect the independence and integrity of the standard-setting process.

The FAF does not take positions on the FASB's standards; we leave the complex task of accounting standard setting to the experts who comprise the FASB. However, we care deeply about the integrity and independence of the standards-setting process. We are very concerned about the current efforts of some to legislate the suspension of one of the FASB's standards, Statement 157 on fair value measurements. We believe that any legislative effort to overturn a FASB standard will greatly undermine investor confidence. We believe that once Congress starts setting accounting standards through its political process, the integrity of U.S. accounting standard setting and the credibility of U.S. financial reporting will be dangerously compromised.

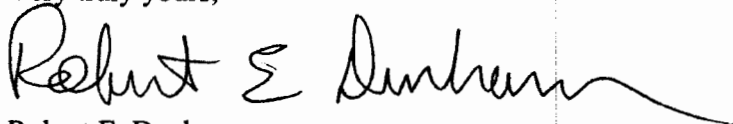
If Congress sends the message that special interests are able, through legislation, to overturn expert accounting judgment arrived at through an open and thorough due process, necessary and timely improvements in financial reporting will likely become impossible and the best interests of participants in the capital markets will not be served.

The FAF strongly urges Congress to reject proposals that would threaten the independent process for establishing accounting standards for investors, auditors and preparers. Any

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changes to accounting standards, including Statement 157, should be made through the FASB's open due process, without political interference that could cause a loss of investor confidence in the financial reporting process.

Very truly yours,



Robert E. Denham
FAF Chairman

cc: The Honorable Nancy Pelosi, Speaker of the House
The Honorable Steny Hoyer, House Majority Leader
The Honorable John A. Boehner, House Minority Leader
The Honorable Roy Blunt, House Minority Whip

The Honorable Spencer Bachus
The Honorable Paul E. Kanjorski
The Honorable Deborah D. Pryce

The Honorable Harry Reid, Senate Majority Leader
The Honorable Mitch McConnell, Senate Minority Leader

The Honorable Christopher Dodd, United States Senate
The Honorable Richard Shelby, United States Senate
The Honorable Jack Reed, United States Senate
The Honorable Wayne Allard, United States Senate

The Honorable Henry Paulson, Secretary, U.S. Department of the Treasury
The Honorable Christopher Cox, Chairman, Securities and Exchange Commission
The Honorable Luis A. Aguilar, Commissioner, Securities and Exchange Commission
The Honorable Kathleen L. Casey, Commissioner, Securities and Exchange Commission
The Honorable Troy A. Paredes, Commissioner, Securities and Exchange Commission
The Honorable Elisse B. Walter, Commissioner, Securities and Exchange Commission