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**Former Fed Officials agree...**

**Thanks for your comments, which are quite thoughtful. I will keep up this fight until SFAS 157 is suspended, as it is destroying our financial system and taking the economy with it.**

**Best regards, Bill**

William M. Isaac  
Chairman  
The Secura Group of LECG

--- On **Fri, 11/21/08, Bob McTeer** <[soupcolddog@yahoo.com](mailto:soupcolddog@yahoo.com)> wrote:  
From: Bob McTeer <[soupcolddog@yahoo.com](mailto:soupcolddog@yahoo.com)>  
Subject: Re: Per your appearance today The case against Fair Value Accounting ?  
To: [jayehaley@yahoo.com](mailto:jayehaley@yahoo.com)  
Date: Friday, November 21, 2008, 10:22 AM

Thanks. I heard Sec Paulson on the radio yesterday refer to mark to market accounting as "pro cyclical." That's encouraging.

Bob

--- On **Thu, 11/20/08, Jay Haley** <[jayehaley@yahoo.com](mailto:jayehaley@yahoo.com)> wrote:

**Did the enforcement of Fair Value Accounting i.e FAS 157 effective for fiscal years beginning after November 15, 2007 coincide with the early stages of the meltdown of the bond and equity markets ? Or was it a coincidence ?**

*There is no doubt that some financial-services firms found themselves ill-equipped to perform such acrobatics. Finance executives in the sector complained that the fair-value rules were "pro-cyclical" - that they were a self-fulfilling prophecy forcing banks to sell their securities in plummeting markets. ( paraphrased from [CFO.com](http://CFO.com) )*

**The big picture, a common sense view ....**

**CSCO stock was at \$80 in 2000. The cash flow value was \$18. Had margin been against \$18 instead of \$80 the bubble in tech stocks may never have happened.**

**Also in 2002, CSCO was at \$11. Cash flow value ? \$18.**

**How do the purists defend Fair Value accounting 'allowing' margin loans against an \$80 stocks really worth \$18 by conservative estimates ? Migrate this example to Las Vegas real estate in 2005 and you have the achilles heal of Fair Value accounting.**

**George Soros speaks of reflexivity as the main component of his investing thesis. The key element is banks lending against overvalued assets create bubbles and the withdrawal of lending against falling asset values creates the bust.**

**A mark to model across all spectrums, Margin...Home lending etc would REDUCE the risk to our financial system and bring sanity to our financial markets.**

**The real fix is INDEPENDENT firms that audit companies. Firing without cause should be eliminated when it comes to these firms. Whistleblower laws with teeth wouldn't hurt either. After all Enron wasn't a mark to market issue. Top people knew the value of the assets but were afraid to speak. It was a regulatory issue.**

**The case is made by an esteemed former official ...**

**<http://sec.gov/comments/4-573/4573-79.pdf>**

**The effects are felt .....**

**<http://www.researchrecap.com/index.php/2008/07/09/guide-to-interpreting-mark-to-market-losses-of-monolines/>**

**The proof is in .....**

**<http://seekingalpha.com/article/106492-toxic-bear-stearns-mortgage-paper-performing-well>**