

Bachus, Blunt Urge SEC to Protect Taxpayers, Family Savings by Adopting Commonsense Accounting Rules

March 12, 2009

WASHINGTON — To protect taxpayers and family savings, Congressman Spencer Bachus (Ala.), the top Financial Services Committee Republican, and Missouri Congressman Roy Blunt (Mo.) today sent a letter to Securities and Exchange Commission (SEC) Chair Mary Schapiro urging her to adopt commonsense accounting changes so companies can value assets by their real worth, not an artificially depressed value. The SEC issued a report last December recommending these adjustments but has yet to act on their suggestions.

During negotiations on the financial stability bill last year, Blunt and Bachus advocated on behalf of House Republicans for the inclusion of a study recommending changes to current "mark-to-market" accounting rules. These government-required accounting practices force businesses to devalue their current market assets.

"This accounting practice must be amended to reflect the current realities our economy is facing," Blunt said. "Adopting the common-sense proposals the SEC recommended last year would help our economy recover without putting more taxpayer dollars at risk and in the process help strengthen the savings of millions of Americans."

"While financial institutions and their customers continue to be adversely affected by these rules during this financial crisis, it has become clear the FASB is not acting in a timely manner to address this problem. This is unacceptable," Bachus said. "Action to provide relief from the negative effects of mark-to-market accounting is long overdue. I was pleased to join Mr. Blunt in urging the SEC to mandate that FASB acts on their recommendations immediately. Prudent relief from these accounting rules must happen now."

After conducting the required study, the SEC made recommendations to the Financial Accounting Standards Board (FASB) addressing the negative impact mark-to-market accounting has had on our financial markets.

"We are particularly concerned that the SEC and the Financial Accounting Standards Board lack the sufficient sense of urgency in addressing the negative impact of mark-to-market accounting rules in the current economic environment," the congressmen wrote in their letter.

Warren Buffett and Federal Reserve Chairman Ben Bernanke have both recently recommended a modification to the so-called mark-to-market accounting practices as a way to help our nation's financial system recover by accurately

valuing assets based on real worth, not artificial numbers dictated by currently depressed market conditions.

###

NOTE: [Click here](#) to view the letter, and [here](#) to view an October, 2008 Washington Post article highlighting Bachus's role in commissioning the SEC study on mark-to-market accounting issues.