

Letter of Comment No: 6172
File Reference: 1102-100

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June 25, 2004 6:52 PM

Director, Major Projects and Technical Activities Financial Accounting Standards Board
File Reference No. 1102-100
Share-Based Payment; an amendment of FASB Statements No. 123 and 95
Norwalk, CT 06856-5116

Subject: Make Companies Put Stock Options on the Books

Dear Director, Major Projects and Technical Activities Standards Board:

I strongly support the proposal to require companies to expense stock options. Not expensing stock options has promoted overuse in CEO pay against the long-term interests of shareholders. I believe stock options provided a financial incentive for Enron executives to cook the books.

The retirement savings of America's working families depend in part on all companies having honest accounting practices. Companies that do not expense stock options are hiding their true cost from investors, creditors and other consumers of financial reports. Stock option compensation should not receive preferential accounting treatment.

I urge you to require stock option expensing as soon as possible. Independent experts, such as the Financial Accounting Standards Board, should set the standards on stock option expensing, not politicians. Stock options are a compensation expense, and this cost can be reliably estimated using the proposed accounting method.

Corporate executives should be ashamed for trying to hide the cost of stock options from their investors.

Sincerely,

Marvin Sherman

cc:
Senator Richard Shelby