

Letter of Comment No: 6135
File Reference: 1102-100

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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 your proposal to require companies to expense stock options. Not expensing stock options has promoted their overuse in CEO pay against the long-term interests of shareholders. For example, 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, including small businesses and start-ups, 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. In my opinion, stock option compensation should not receive preferential accounting treatment.

In conclusion, 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 the politicians in Washington. Stock options are a compensation expense, and this cost can be reliably estimated using your proposed accounting method. I believe corporate executives should be ashamed for trying to hide the cost of stock options from their investors. In addition, once again while American workers are struggling to keep their jobs, and corporations are busy downsizing telling us how much money they are losing, in the stock options we see another type of corporate pay for executives that are laying off workers while making huge sums of money. This practice must end as it just increases CEO and presidential salaries regardless of profit or loss, and the fact that these options are hidden from stockholders only reduces their stock value and in essence these people are stealing from their investors and workers. We have criticized Japanese companies for years yet their record on matters like this is clean while ours is dirtier than the dirtiest river in the world. In Japan they expect new products to take up to five years to show profits, we expect immediate results, and while we do so our executives are getting paid these huge amounts which might just give new products the time necessary to become profitable. Instant gratification corporate style and hidden costs and hidden bonuses from companies that cannot afford such things. How many more Enrons will it take before proper accounting procedures are followed? As one that majored in accounting in college i can say we were taught never to treat these options as hidden costs, they were to be out there for the stockholders, the SEC and the world to see so no corporation could hide their ridiculous salaries for executives, yet accounts are pressured to do this and it is wrong and will always be wrong.

Sincerely,