

Letter of Comment No: 6117  
File Reference: 1102-100

## **Hollis Stewart**

246 Livermore Terrace , Los Angeles, CA 90042-3518

June 26, 2004 9:28 AM

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:

Dear Sirs and Mdms:

I am a small investor, I own perhaps \$25,000 in stocks through a TSA. My investment would be worth a lot more if the dot com meltdown that was a result of a lack of controls, integrity, and ethics in business had not destroyed much of my investment. Business is good, but business completely unbridled beckons to the dishonest as a siren, steal, plunder, and loot. The false illusion of the security of stock options and their misuse to spread a feeling of wealth that is not real must be stopped. When these options are allowed to miss represent to the public the actual economic position of a business then investors may be easily lead to believe that the assets of a company are way beyond the actual value. Do the right thing for the investor and the economy. Expense out the stock options so the public and the investor has access to the real financial position of a company and its executives.

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.

Sincerely,

Hollis Stewart