

# ***Design Red Inc***

Letter of Comment No: 4982

File Reference: 1102-100

May 24, 2004

Robert H. Herz, Chairman  
Order Department, Financial Accounting Standards Board  
401 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5116

**Director of Major Projects—File Reference No. 1102-100**

Dear Chairman Herz,

The state of today's competitive business environment restricts a company's ability to reward their most productive employees with appropriate salary increases. The use of stock options allows employers to reward their employees in a more fiscally responsible way, while still rewarding hard work and results. It's a win-win situation. It is a situation that, although we are currently unable to offer, we hope to do so in the future. The one thing we do not want to see is government dictating how, when, or even if this will be an option open to us.

Oh, I am certain that the members of the FASB are wise enough to understand that no one knows how much a stock option costs a company until somebody actually exercises that option. This is a basic principle of general accounting. Mandatory expensing of stock options would force companies into a wasteful guessing game. However, it is apparent that in its zest for corporate reform, the FASB seems to be leaving all logic behind and in so doing will be create a mistake that will have a negative domino affect on employees and employers alike.

Please, step outside of yourself and try to see see the disadvantages of the mandatory expensing of stock options as small business owners across America see them. Expensing stock options would obstruct economic growth and close the emergence of exciting new technologies and businesses. Additionally, you would be infringing on how a business owner and employee agree on compensation. Please fight these unnecessary and oppressive measures. Thank you

Sincerely,



Alejandro Blanco

**Alejandro Blanco**

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