

ikon

Letter of Comment No: 6421  
File Reference: 1102-100

From: Adestefano2@aol.com  
Sent: Tuesday, July 06, 2004 8:57 PM  
To: Director - FASB  
Subject: File Reference No. 1102-100

Ladies and Gentlemen:

Thank you so much for this opportunity to respond to the Exposure Draft on "Share Based Payments." Unfortunately, I do not have the time to respond to each issue point by point, but I would like my comments considered.

First and foremost, I do not believe that the issuance of equity instruments as compensation creates an expense. Equity shares do not represent an economic sacrifice to the issuing entity and do not meet the definition of an expense in accordance with Statement of Financial Accounting Concepts number 6. Indeed, no asset is given up and no liability is created to cause an expense to be incurred.

In addition, the issuance of shares creates owners of the business entity after their issuance and the issuance of options inevitably does the same. So it would be more appropriate to classify these shares as contributed capital than to classify them as expenses.

Yet, I understand the dynamics of the political environment in which we find ourselves. Sarbanes-Oxley may possibly threaten the existence of the FASB itself and so action on this and other "hot issues" may seem very necessary. I therefore urge the FASB to take whatever action it deems appropriate under the circumstances, but to do so with both eyes open. I don't think that my viewpoint represents a minority view, but you are able to gauge that better than I.

Thank you and good luck.

Anthony P. DeStefano, CPA, CFCM  
1200 S. Courthouse Rd. #726  
Arlington, VA 22204  
703-979-1611