

Letter of Comment No: 6232  
File Reference: 1102-100

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June 25, 2004 4:20 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 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.

Finally, CEO compensation is completely out of control. While CEO's love to spin this situation by simply stating that the Board and the Stockholders oversee their compensation (i.e., the public oversight that is needed and craved for), the truth is a tad more complex and not subject to the public scrutiny/exposure that it truly deserves. In fact, one would only need to examine the relationship of board members to the Executives (i.e., CEO, CFO and other Executive members of the Corporation) to find that those charged with oversight are beholden to those that they are supposedly overseeing. Much the same can be said for the stockholders. Although the compensation policies applicable to corporate executives are said to benefit the stockholders, one need only look at those who truly benefit from their disproportionate distributions of voting stock. In short, vast blocks of stock are held by the executives as well as the board members. Further, additional substantive blocks are held by other similarly "entitled" persons in other large corporations. Accordingly, the loss of jobs and other such cost cutting measures deliberately enacted to "benefit stockholders" do not really benefit the average middle class investor, rather, the vast majority of such profits are directed to those charged with overseeing compensation and policies put in place to grow profits/compensation (i.e., a new corporate aristocracy has been created and is comprised of the very few who benefit at the expense of the vast majority). It is time to stem the tide of

corporate greed and punish those who are robbing our once great nation of its heritage (i.e., the equal opportunity and kindred partnership that was the promise of America)!!!

Sincerely,

Don Denzler

cc:  
Senator Richard Shelby