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Letter of Comment No: 2826
File Reference: 1102-100

From:	Mickey Freeman [mfreeman@schoolpop.com]
Sent:	Friday, May 28, 2004 3:46 PM
To:	Director - FASB
Cc:	'Paul Robinson'; bud@accel.com
Subject:	FASB Letter
Importance:	High

Forwarded on behalf of Paul Robinson, Chairman & CEO of LoyaltyPoint, Inc.

Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: No. 1102-100

Ladies and Gentlemen:

We are writing to express our views on the pending proposals of FASB to mandate that stock options be treated as an expense on an issuer's income statement rather than reflected in the financial statement footnotes. LoyaltyPoint, Inc. (the "Company") is a Delaware corporation with its headquarters in Atlanta, Georgia where it employs 14 people. It also maintains offices in Santa Rosa and Menlo Park, California where it employs a total of 19 people. Our common stock trades on the Over-the-Counter Bulletin Board under the symbol LYLP. The Company is a leading provider of year-round school support using a suite of hassle-free non-traditional fundraising programs for schools and other nonprofits. A wholly-owned subsidiary, Schoolpop, Inc., was organized in 1999 and today provides services to more than 55,000 schools and nonprofits throughout the country assisting them with badly needed fundraising programs.

Prior to February 18, 2004, the Company had been inactive although it had a series of United States patents with potential to serve the growing use of wireless Internet services using handheld devices. Effective on February 18, the Company acquired FUNDever, Inc. and its wholly-owned subsidiary, Schoolpop, with the business model and employee described above. In order to carry out its growing business, the Company is in the process of negotiating with a third party which will, if we are successful, provide necessary working capital. The Company expects in the next several months to adopt a Stock Plan which would provide, among other things, for it to issue options to employees. Additionally, the Company's management is considering recommending to the Board of Directors the establishment of an Employee Stock Purchase Plan ("ESPP") to provide additional benefits to non-management employees. Effective January 1, 2005, the pending expensing of stock options and shares issued under our ESPP at the allowable Internal Revenue Code discount will dramatically affect the ability of the Company to attract and retain employees. Assuming we complete our financing, we nonetheless will have limited cash resources and not be in a position to compensate our employees appropriately. Accordingly, management expects to offer the foregoing stock-based plans to its employees and potential employees in order to remain competitive in the marketplace.

There is simply no question that by requiring the expensing of stock options and stock issued at a discount under an ESPP will create pressure on the Company to meet anticipated earnings targets, reduce the future market price of its common stock, have a negative impact on the Company's ability to raise additional capital and adversely affect the ability of the Company to compete in the marketplace for employees.

Thank you very much for your consideration. 770

Sincerely yours,

loyaltypoint

May 28, 2004

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Sincerely yours,

Paul Robinson
Chief Executive Officer

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