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Letter of Comment No: 4892
File Reference: 1102-100

From: Don Dingwall [ddingwall@ditechcom.com]
Sent: Monday, June 21, 2004 11:44 AM
To: Director - FASB
Subject: stock options

Suzanee:

I would like to express my concern about the pending change in the rules governing stock options.

I think this is a ruling that will just take away a benefit that would empower people with additional income over a period of years. I have been at companies that offered stock options and if I understand the new rules – the companies and or individuals will have to pay taxes on this imaginary income before they benefit from it. While I have made money from options in the past – I also have been awarded options that were worthless when I left the company.

Both companies offered these options to all employees – and in the case of Cisco – some of the employees became wealthy as secretaries for the company. And some had great paper wealth but never exercised the options at a time when they could have – so they never profited by the options. Taxing the company when they are awarded is assuming something that may happen.

Many options are worth less than the awarded price months after they are awarded. That is not fair to anyone.

Wait until the options are exercised, then collect the tax on the profits. A liability should not be incurred unless there is a profit.

Companies will limit or exclude the very people that the options will benefit most if this ruling goes into effect. Sure the fat cats will get their options or they won't accept the position. The secretaries won't get the options, the engineers won't get the options, the sales people won't get the options. This rule will hurt the company's ability to attract people because options will hurt earnings, earnings drive the stock price and upper level execs are there to improve the value of the stock.

Then if no options (or fewer options) are granted, the government will get less money SOONER, because options will in effect go away. Then there will be no benefit for the employees to pay taxes on - and the companies will not pay taxes because they won't grant options.

EVERYBODY LOOSES!

If that is the intent of the ruling - then it will be achieved. This is a knee jerk reaction that won't fix a non-existent problem - it will only keep any potential wealth in the pockets of the very rich.

Don't enact this ruling.

DD

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6/22/2004