Letter of Comment No: 3849 File Reference: 1102-100

Crane Computers

Don Crane 433 Corte Madera Town Ctr Ste 648 Corte Madera, CA 94925-1215

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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 proposal for mandatory expensing of stock options is a serious mistake. Stock options currently comprise an important way for companies to reward their employees when large salary increases are not possible or desirable from a financial point of view. It is absolutely imperative that employers have the freedom to compensate their employees in manner best suited to their particular business conditions. Government intervention in the use of stock options negates that freedom.

The stock option expensing standard proposed by FASB doesn't give an accurate financial snapshot for a company's employees and investors. In this respect, mandatory expensing is not responsible accounting, but its antithesis: destructive accounting. This new standard would literally force companies to record expenses not yet realized and which will remain unrealized for an unknown period of time. This new procedure will be instrumental in creating phantom expenses which will create phantom decreases in profitability. This type of condition, unfortunately, creates very concrete declines in stock prices.

Small business owners must retain the flexibility to compensate their employees as they see fit. This is an ability that guarantees the success of the small business in the United States. The mandatory expensing of stock options needs to meet a speedy demise if small businesses want to remain in place as the primary employers and the greatest strength of the U.S. economy.

Sincerely Yours.

Donald & Chane

Don Crane