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Letter of Comment No: 3818
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May 25, 2004

Chairman Robert H. Herz
Director of Major Projects—File Reference No. 1102-100
Order Department, Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Dear Chairman Herz,

I'm writing because I strongly feel that government should not be involved in how business owners compensate their employees. Stock options mean companies can offer their employees a direct stake in the growth that those employees are asked to create. They are creating wealth for themselves as well as wealth for the company and its investors. Self-interest is a powerful motivator and stock options give employees a very clear self-interest in the future success of their company. I don't want to see any additional regulations on this tool that is so vital to my industry.

I'm aware stock options are a legitimate business expense, but you cannot know the size of that expense until the options are actually exercised. The proposed FASB standard has it backwards. FASB would force companies to report the expense of a stock option before it is exercised. Let's leave predictions to the stock market analysts. We should base our accounting principles on real facts, not our best guess about what might happen in the future. I don't see how 'estimating' helps anyone involved, investors, regulators or employers.

I am confident that you will see the disadvantages of the mandatory expensing of stock options as small business owners across America see them. Expensing stock options would hamper economic growth and halt the emergence of exciting new technologies and businesses. Additionally, the FASB would be infringing on how a business owner and employee agree on compensation. Please do what you can to fight these unnecessary and burdensome measures.

Sincerely,

Anthony Luongo

Onetouch Technologies Corp