

Fusion Consulting Inc

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Letter of Comment No: 3810
File Reference: 1102-100

May 25, 2004

Robert H. Herz, Chairman
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

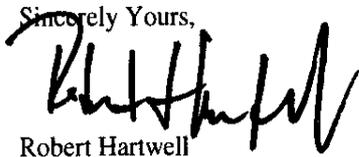
Dear Chairman Herz:

The FASB should know better than to fix something that isn't broken. Stock options are a wonderful way to provide incentive to prospective employees, as well as to current employees. All the while, they create no strain on current expenses and gives employees a sense of pride in what they do. By asking us to expense them upon receipt, the FASB could be regulating stock options into the history books for many of us.

The idea behind a stock option is that an employee receives the stock at a certain value. As the employee helps with the success of the company, the value of that stock will increase and the employee shares in the company's success. Mandatory expensing, as proposed by the FASB, would require a value be placed on a stock option before it has been exercised, when in fact the value of that option cannot be determined until it is exercised. I do not know of any company that would want to pay out expenses before the actual cost is known. That is, in effect, cooking the books. It's a sure way to drive a business under!

I sincerely appreciate you taking the time to mull over my concerns. I feel that the mandatory expensing of stock options is an important issue that could have a severely adverse affect both on existing small businesses and those planned in the future. Business owners of all types need the flexibility to determine for themselves how to best compensate those that work for them. Please help us do that!

Sincerely Yours,


Robert Hartwell