

Letter of Comment No: 5942
File Reference: 1102-100

William Katakis

321 Venice , Northwood, OH 43619-1150

June 25, 2004 5:41 PM

Director, Major Projects and Technical Activities Financial Accounting Standards Board
File Reference No. 1102-100
Share-Based Payment; an amendment of FASB Statements No. 123 and 95
Norwalk, CT 06856-5116

Subject: Make Companies Put Stock Options on the Books

Dear Director, Major Projects and Technical Activities Standards Board:

If our retirement is to be built on mutual funds made of stocks then this dishonesty of not expensing stock options must stop. If there is to be even the illusion of honesty in the stock market this must stop, it is a "legal" crime right now to strip the value of a company and make profit reports purely an illusion. How can we have faith and trust in the markets if this is allowed to continue? I fear for future generations if their social security is ever based on this dishonesty that still exists in the stock market.

I strongly support your proposal to require companies to expense stock options. Not expensing stock options has promoted their overuse in CEO pay against the long-term interests of shareholders. For example, I believe stock options provided a financial incentive for Enron executives to cook the books.

The retirement savings of America's working families depend in part on all companies, including small businesses and start-ups, having honest accounting practices. Companies that do not expense stock options are hiding their true cost from investors, creditors and other consumers of financial reports. In my opinion, stock option compensation should not receive preferential accounting treatment.

In conclusion, I urge you to require stock option expensing as soon as possible. Independent experts, such as the Financial Accounting Standards Board, should set the standards on stock option expensing, not the politicians in Washington. Stock options are a compensation expense, and this cost can be reliably estimated using your proposed accounting method. I believe corporate executives should be ashamed for trying to hide the cost of stock options from their investors.

Sincerely,

William Katakis

cc:
Senator Richard Shelby
Representative Barney Frank
Representative Michael Oxley