Letter of Comment No: 5491
File Reference: 1102-100

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From: marc_lawrence@sbcglobal.net
Sent: Tuesday, June 29, 2004 1:31 PM
To: Director - FASB
Subject: Corporations should define stock options as expenses in accounting.

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

Dear Director, Major Projects and Technical Activities Standards Board,

I applaud your proposal to require companies to expense stock options. Laxity in this regard has has promoted overuse of stock options in CEO pay, often contrary to corporate shareholders' interests, i.e., stock options provided financial incentives for Enron executives to "cook the books," and have no doubt done so in thousands of unknown instances.

The retirement savings and other investments of Americans depend on companies, including small businesses and start-ups, having honest and transparent accounting practices. But companies that fail to expense stock options are hiding real costs from investors, creditors and all consumers of financial reports. Therefore, stock option compensation must be regarded as the expense that it represents.

I urge you to require stock option expensing. Independent experts such as the Financial Accounting Standards Board should set standards on stock option expensing -- not corrupt politicians in Washington, DC.

Stock options are a compensation expense, period. And this cost can be reliably estimated using your proposed accounting method. I believe corporate executives should not expect to hide the cost of stock options from investors. For corporate leaders to continue hiding the expense of stock options compensation is bad for our economy, and bad for both wage-earners and investors in this country.

Sincerely,

Marc S. Lawrence
1744 W. North Shore Ave.
Chicago, Illinois 60626-4045

cc:
Senator Richard Shelby
Senator Paul Sarbanes
Representative Barney Frank
Representative Michael Oxley