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Letter of Comment No: 2670 File Reference: 1102-100

From:

jim.kerrigan@lantronix.com

Sent: To: Friday, May 21, 2004 1:33 PM Director - FASB

Subject:

File Reference No. 1102-100, Comment on FASB Stock Option Proposal



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Dear Mr. Robert Herz:

I am writing in reference to FASB's invitation to comment on its exposure draft, "Share-Based Payment," an amendment of Statements No. 123 and 95. As CFO to a small high tech company, stock options and especially our Employee Stock Purchase Plan are an important program to attract and retain employees. If the proposed treatment is approved as suggested, these programs will be vastly reduced or eliminated. This would be very bad for us. The accounting isn't "better," and it allows for booking of statistically-derived values rather than pure expense.

As an alternative, we suggest ESPP plans be exempted from the treatment because they are incidental fringe benefits. Let stock options be accounted for the top five executives, for example, for clarity and disclosure, not options to employees at large!!

Thanks.

Sincerely,

Jim Kerrigan Lantronix, Inc. 15353 Barranca Parkway Irvine, CA 92618