

# Tangent Engineering System

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Letter of Comment No: 3161  
File Reference: 1102-100

May 27, 2004

Robert H. Herz, Chairman  
Order Department, Financial Accounting Standards Board  
401 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5116

**Director of Major Projects—File Reference No. 1102-100**

Dear Chairman Robert H. Herz:

During times of an unpredictable economy, it is difficult for small businesses to reward their best workers with a suitable salary increase. Stock options provide workers with a stake in the future of the company as well as in their own financial gain. Stock options also allow companies to maintain both a motivated staff and a fiscally sound policy.

From an accounting standpoint, the FASB's proposal for mandatory expensing of stock options will prove to be more costly to companies. This practice will require companies to report expenses before they are even spent, and will not be spent until the employee exercises that stock option.

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 as well as those to be developed in the future. The issue of personal freedom involved in this issue is important too and I hope you agree.

Thank you for your time and consideration.

Sincerely,



John Gostamski