

# Rether Networks Inc

99 Mark Tree Rd Ste 301  
Centereach, NY 11720-2276

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Letter of Comment No: 3151  
File Reference: 1102-100

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:

It is time we all faced reality! The majority of employers in today's economy simply cannot give their employees decent pay raises as an incentive to remain with their company. It has basically been through the use of stock options that these employers have been able to offer valuable incentives to their employees and thereby ensure their loyalty to the company. By giving those employees a stake in the company it has energized them to strive for excellence, which keeps the company running above par.

Stock options are a legitimate business expense, but you cannot know the size of that expense until the options are actually exercised. The proposed FASB standard will basically force businesses to become fortune tellers. By mandating the expensing of stock options, the FASB would compel companies to report the expense of a stock option before it is exercised. Personally, I do not feel I am qualified to be a fortune teller. Therefore, I think we should leave these types of predictions to the stock market analysts. We should base our accounting principles on real facts, not our best guess about what might happen in the future. Don't you agree?

Although I realize you are a very busy person who does not have time to acknowledge every request from each constituent, I think you will agree that this issue merits your special attention. Not only will this proposal negatively impact small businesses, it will also threaten our personal freedoms, future job creations, and the country's over all economic growth. It needs to be addressed to ensure the future success of small businesses in America.

Sincerely,

  
Shengi Doong