

ikon

Letter of Comment No: 2711

File Reference: 1102-100

From: Director - FASB
Sent: Monday, May 24, 2004 9:54 AM
To: ikon; Karen Salmansohn
Subject: FAIR

-----Original Message-----

From: hifsre@ieee.org [mailto:hifsre@ieee.org]
Sent: Friday, May 21, 2004 10:46 PM
To: Director - FASB
Subject: For File No. 1102-100: Make Accounting Standards Fair!

Chairman Robert Herz
P.O. Box 5116
401 Merritt 7
Norwalk, CT 06856-5116

Dear Chairman Herz,

I'm writing to comment on the FASB's March 31, 2004 proposal to change the way in which stock options are expensed in accounting statements. (File No. 1102-100)

As an investor, I am concerned about the seemingly endless Wall Street scandals that have taken place recently. The lack of corporate accountability has harmed millions of investors like me. That's why I'm asking you to adopt your proposed rules to require companies to report the value of employee stock options on their balance sheets, and to resist congressional and industry pressure to water down these rules.

The loophole that allows companies to treat stock options as if they were different from any other kind of expense have gone on too long. We've seen numerous abuses of these rules, which can be used to essentially hide payments to corporate executives, inflating profits and deceiving investors. These rules would make it much clearer to investors how much money a company is making or losing.

Options cost money - money that could be reinvested back into the companies or given to investors in dividends. In short, it takes money from investors and puts it in the pockets of high-ranking people in the company.

As you know, support for this proposal within the financial community is widespread. Federal Reserve Chairman Alan Greenspan and the Securities and Exchange Commission are in favor of it, as are the hundreds of publicly traded companies who already expense their options in this way. A recent Congressional Budget Office report supported the measure, and the International Accounting Standards Board has already approved the expensing of stock options in a similar way.

Accounting is about giving a good picture of where a company is financially, and how much money they have gained or lost. By treating options as if they do not affect the company financially, accounting statements are less valuable. As the group that protects the integrity of accounting standards, you ought to do everything possible to make accounting statements important to investors.

Options packages have led to corruption in many cases throughout the corporate world. Without including their costs in accounting statements, they are essentially an under the table payment to corporate executives. Without the implementation of these rules, boards of directors will continue to give exorbitant options packages to their wealthy executive peers, and shareholders will be the ones left paying the bills.

Please pass these proposed rules, and help restore the trust of investors in the financial

markets. Thank you for accepting my comments.

Sincerely,

Herb Fleischer
21 Jasmine Rd
Matawan, New Jersey 07747

cc:
Representative Robert Andrews
Representative Frank LoBiondo
Representative Jim Saxton
Representative Donald Payne
Representative Rodney Frelinghuysen
Representative Robert Menendez
Representative William Pascrell
Representative Steven Rothman
Representative Mike Ferguson
Representative Christopher Smith
Representative Rush Holt
Senator Jon Corzine
Representative Frank Pallone
Representative Scott Garrett
Senator Frank Lautenberg