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Letter of Comment No: 2976
File Reference: 1102-100

From: Pete Durand [pdurand@integrian.com]
Sent: Wednesday, June 02, 2004 1:17 PM
To: Director - FASB
Cc: jcdowling@nvca.org; pdurand@integrian.com
Subject: Reference File No. 1102-100



Pete Durand
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Dear FASB Representatives:

I am the CEO and a Board Member of a Venture Capital backed technology firm based in Research Triangle Park, NC. I am aware of FASB's exposure draft on expensing stock options and feel compelled to write you regarding the impact this proposal would have on the operational performance and entrepreneurial spirit of my company – not to mention the impact on the largest growth engine of our economy – small businesses.

I have three points of concern: The subjectivity of expense determination, the complexity and cost associated with determining this valuation, and the impact on recruiting and motivating the top talent necessary to compete in a global economy. The first two issues can be addressed simultaneously. The subjectivity of the expense determination requires outside consultants. Or companies can stop using options and pursue other means of retention/compensation (both involve cash). As a CEO, the notion of spending cash to determine a subjective valuation is not only unreasonable, it is without justification. The third issue; recruiting and motivating top talent will, perhaps, have the biggest impact. If the cost associated with options causes companies to forgo the use of options, we run the risk of losing the very talent that drives the small business community. The chance at equity and the ability to see one's hard work result in substantial growth is a strong motivator for people to start or join small companies.

Please reconsider your draft, and help the small business community continue to drive economic growth.

Regards,

Pete Durand
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