

## Karen Salmansohn

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**From:** Len Tatore  
**Sent:** Friday, January 17, 2003 7:53 AM  
**To:** Karen Salmansohn  
**Subject:** FW: Accounting for Stock Options

**Letter of Comment No:** 17  
**File Reference:** 1102-001  
**Date Received:** 1-16-03

**Importance:** High  
**Sensitivity:** Confidential

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

**From:** Zurell, John [mailto:JZurell@ICBNY.COM]  
**Sent:** Thursday, January 16, 2003 6:08 PM  
**To:** 'director@fasb.org'  
**Subject:** Accounting for Stock Options as Compensation  
**Importance:** High  
**Sensitivity:** Confidential

I am the EVP and CFO of Independence Community Bank Corp, ICBC, NASDAQ, a \$8.1 billion thrift that went public in March 1998, issuing some \$700 million in stock. I am a New York State Certified Public Accountant, having been certified in 1972, and have been with Independence since 1972. Management and the Board were granted stock options at the IPO, and we have since received additional grants of options. Given the option under FAS 123 to either adopt FAS 123 or use the intrinsic value methodology, we chose the intrinsic value method, not for any sophisticated, theoretical reason(s), but rather since most of our peers use that method, we wanted to maintain comparability. We have just chosen to adopt FAS 123 prospectively on 1/1/03 for grants after that date.

I am of the firm personal opinion that corporations should not be granted a choice as to how to account for stock options. The FASB should take a strong stand, not bowing to corporate or government pressure, and require the expensing of options on a prospective basis. The reason I indicate prospective is because decisions were made to grant options under a certain set of circumstances, which gave corporations a choice. If they had not had that choice, they may not have made the same decision, and therefore should not be required to change how they planned to account for them. If the intrinsic method could be shown in a footnote, assuming FASB required retroactive application, that would not be acceptable, because frankly, few individuals, including the many Wall Street analysts (sell side) I deal with, rarely, if ever read the 10K and the complete financials and footnotes. Our financials, for example, has 4 pages of financials, and 32 pages, small print, of footnotes, and we're a plain vanilla financial institution. (But maybe that's another subject).

Thank you for reading my email, and hopefully it makes some sense.

John B. Zurell, CPA  
Executive Vice President and Chief Financial Officer  
Independence Community Bank Corp.  
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