

Karen Salmansohn

From: Len Tatore
Sent: Friday, January 17, 2003 7:49 AM
To: Karen Salmansohn
Subject: FW: Stock Based Accounting

Letter of Comment No: 9
File Reference: 1102-001
Date Received: 1-16-03

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

From: kenp@hauppauge.com [mailto:kenp@hauppauge.com]
Sent: Thursday, January 16, 2003 7:01 PM
To: director@fasb.org
Subject: Stock Based Accounting

Dear FASB,

As a shareholder and an owner of a corporation, I feel that having to expense stock options is a mistake, both misleading me as a shareholder and distorting my company's health as an owner.

I try to look "beneath the hood" when reading about companies I invest in, but since I am not an investment professional, I find it difficult to have the time to really dig into a company's number to understand their true results and their true value. Expensing stock options, which has no impact on a company's financial health or their true profitability, is just another layer of "stuff" I'd need to sort through to get at the meat of the financial numbers. I personally would prefer to see information on stock options (who got them, how many and at what price) in a separate section. This is information I need: is the CEO paying himself lots of options in a year when true financial performance was poor.

As a company owner, I try to provide financial numbers to our investors which accurately represents our true performance. Anything which distorts that performance, like stock options which need to be expensed, gives unscrupulous company managers another way to fudge their numbers ("lets delay the grant of options until next quarter when they won't affect our results as much"). If I granted stock options when they were needed and expensed them when they were granted, without playing games, then I could be distorting the health of the company in the eyes of someone who did not examine carefully our financial results.

This is my two cents.

Ken Plotkin
CEO
Hauppauge Digital Inc.