

ikon

Letter of Comment No: 284a
File Reference: 1102-100

From: Director - FASB
Sent: Tuesday, June 01, 2004 1:55 PM
To: ikon; Karen Salmansohn
Subject: FW: Letter from Ed DeNave Regarding Expensing of Stock Options



InterScan_SafeSta
mp.txt (296 B...

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

From: Querback, Lori [mailto:LQuerback@gentex.com]
Sent: Tuesday, June 01, 2004 1:54 PM
To: Director - FASB
Subject: Letter from Ed DeNave Regarding Expensing of Stock Options

Re: Expensing of Stock Options (File Ref. 1102-100)

Dear Director,

I am an employee of Gentex Corporation. This letter is written to express my position against the expensing of stock options.

* Expensing stock options goes far beyond the accounting issues. It's an economic issue that will do great damage to American industry.

* Stock options are not the same as market traded options. There is no proven, valid model predicting the cost of stock options.

* There is no proof that broad-based stock options are responsible for market scandals. Expensing options of broad-based stock option programs will do nothing to eliminate future scandals.

* Entrepreneurship is the best chance the U.S. has to keep jobs from moving overseas. Expensing stock options will reduce entrepreneurship by eliminating option incentives. Millions of additional jobs will move to the Far East as a result of our inability to compete.

* The first options to be eliminated will be those of lower and middle management. This will do most damage to middle America, causing greater income inequality.

* Small companies create most jobs. Expensing options will hit small companies the hardest.

* The FASB plan will produce grossly inaccurate financial reporting at sharp inflection points in our economy causing investors to sell or buy shares based on wrong information. The cost to investors will be staggering. Given our infamous tort system, who will be liable?

* Stock options are a primary reason our company has been able to attract top level talent without huge salaries. We are a world leader in our field. There is certainly a "correlation."

At Gentex we are vehemently against any accounting policy that requires expensing of stock options by broad-based stock option programs.

Sincerely,

Ed DeNave
edd@gentex.com