

Custovera Corp

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Letter of Comment No: 3105
File Reference: 1102-100

May 15, 2004

Robert H. Herz, Chairman
Director of Major Projects—File Reference No. 1102-100
Order Department, Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

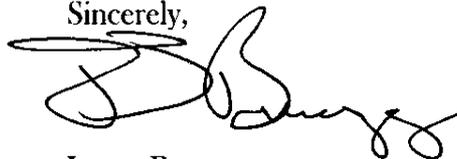
Dear Chairman Herz:

Due to difficult economic times, the majority of today's employers cannot give their employees decent pay raises as an incentive to remain with their company. It has been through the use of stock options that these employers have been able to offer valuable incentives to their employees and thereby ensure their loyalty to the company. By giving those employees a stake in the company it has encouraged them to strive for excellence, which keeps the company functioning effectively.

Stock options are a legitimate business expense, however it is impossible to know the size of that expense until the options are actually exercised. The proposed FASB standard will basically place the cart before the horse. By mandating the expensing of stock options, the FASB would compel companies to report the expense of a stock option before it is exercised. Personally, I do not feel I am qualified to be a fortune teller. Therefore, I think we should leave these types of predictions to the stock market analysts. We should base our accounting principles on real facts, not our best guess about what might happen in the future. Don't you agree?

Although I am aware of how busy you are, I think you will agree that this issue merits your special attention. Not only will this proposal negatively impact small businesses, it will also threaten our personal freedoms, future jobs, and the country's over all economic growth. It needs to be addressed to ensure the future success of small businesses in America.

Sincerely,



James Bragg