

Clientele Solutions Inc

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Letter of Comment No: 3104
File Reference: 1102-100

May 15, 2004

Robert H. Herz, Chairman
Order Department, Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Director of Major Projects—File Reference No. 1102-100

Dear Chairman Robert H. Herz:

Surely the FASB must know that employees who feel appreciated will try harder to please the companies they work for! Stock options are one of the best ways to reward employees that do a great job. Through the use of stock options employers are able to offer valuable incentives to their employees. By giving those employees a stake in the company it will help motivate them to strive for the best and ensure the company is running at peak efficiency. The FASB could potentially remove stock options from companies by regulating it to death!

The stock option expensing standard proposed by FASB is not responsible accounting; it is destructive. It would literally force companies to report expenses for money that has not even been spent, and might not be spent for another 10 years. This does not create a true picture for a company's employees and investors. Instead, it creates phantom expenses which create phantom decreases in profitability which, unfortunately, would create very real declines in stock prices. That's not to mention some of the businesses that might even have to stop offering these incentives altogether!

I sincerely appreciate you taking the time to mull over my concerns. I feel that the mandatory expensing of stock options is an important issue that could have a severely adverse affect both on existing small businesses and those planned in the future. Please don't penalize those small businesses that could use any break they can get in this economy!

Sincerely,


Ronald Brockman