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From: Elliott Troutman [elliott.troutman@max-viz.com]

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To: Director - FASB

Subject: File Reference No. 1102-100.

I am writing to ask that the proposal for the expensing of stock options for non-publicly traded companies be rejected and that the FASB ruling requiring it be abandoned. Public companies, OK. I still think the valuations methods are a bit arbitrary, but at least there is a determinable market price. Expensing of options for a non-traded company is worse than meaningless, it misinforms because it presumes the valuation is more precise than it is. Further, a small company cannot afford to have administrative people dedicated to this task. The scarce amount of time and money that a start-up has needs to be spent on developing and delivering new products and services.

As CFO for several different start-ups in my career, I have found that stock options are a motivator when I have no cash or other cash-based incentives to give. From a macro perspective, they help to cheaply fuel innovation and risk taking. Investors in small private companies are supposed to be "accredited" which means they have wealth, earnings and sophistication. They know what all of us in start-ups know…if you make it more expensive to start a business, fewer businesses will start up. This burden will stifle new venture formation by increase administrative staff costs and will increase the cost an annual audit.

So why do IBM, Microsoft and others support this bill…they don't want the competition. As for the accountants supporting this measure, I can't see how the audit fees are going to decrease as a result of this additional test, so let's just say I think there might be a conflict of interest.

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