

Skandaroon Holdings

375 River Rd
Westport, MA 02790-5187

Letter of Comment No: 3842
File Reference: 1102-100

May 26, 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:

Companies like mine should be able to choose to compensate employees without government involvement. Many companies consider stock options an important implement for encouraging growth. These options allow companies to be more competitive in a marketplace where the competition comes from all over the world. If the government forces companies to expense employee stock options, these companies will be out of the competition.

Companies now have the option of reporting outstanding options as expenses or simply reporting the existence of those options in their annual financial statements. Requiring companies to expense all options before they are exercised would be financially misleading among other things.

The mandatory expensing of stock options is a serious mistake. Small business owners want the flexibility to compensate their employees as they think best. This is a freedom that has allowed for the continued success of the small business in the United States.

Thank you for listening to my opinion.

Sincerely,


Earl Ostroff