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**From:** Seguin, Karen [karens@gentex.com]  
**Sent:** Tuesday, June 29, 2004 4:00 PM  
**To:** Director - FASB  
**Subject:** Expensing of Stock Options (File Ref. 1102-100)

**Letter of Comment No:** 5604  
**File Reference:** 1102-100

June 29, 2004

Email: [director@fasb.org](mailto:director@fasb.org)

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

This letter is written to express my personal position against the expensing of stock options, and how I feel it would personally affect me.

### Personal Story

I exemplify what people of Gentex and the United States stand for...opportunity. I have worked hard to improve my lot. Through working hard at any position I held, and attending school to get my degree, I have worked my way from production employee to accounting clerk to accountant. I began getting stock options when I became an accounting clerk. With those options came the idea that if I work hard, I will be able to affect the performance of the company, which would therefore increase my personal financial standing. As those options are now coming available, I was also rewarded for my diligence with a promotion, and with that promotion came an increased quantity of stock options. I see that the stock options have the potential to be a significant portion of my income. If these options are eliminated, it will surely affect me and my family much more than the loss would affect upper income America.

### Points Against Expensing Stock Options

- 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.
- 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. Why punish the innocent, struggling middle-class because of abuse by a few?
- 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.
- Small companies create most jobs. Expensing options will hit small companies the hardest.
- Expensing stock options goes far beyond the accounting issues. It's an economic issue that will do great damage to American industry.
- 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?

As an employee of Gentex, I am strongly against any accounting policy that requires expensing of stock options by broad-based stock option programs.

Sincerely,

6/30/2004