Letter of Comment No: 6188
File Reference: 1102-100

AJ Averett

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Director, Major Projects and Technical Activities Financial Accounting Standards Board
File Reference No. 1102-100
Share-Based Payment; an amendment of FASB Statements No. 123 and 95
Norwalk, CT 06856-5116

Subject: Require That Stock Options Be on the Books

Dear Director, Major Projects and Technical Activities Standards Board:

I strongly support your proposal to require companies to expense stock options. Not expensing stock options has promoted their overuse in CEO compensation against the long-term interests of shareholders, employees and retirees. As only one example, stock options provided a financial incentive for Enron executives to "cook" their books.

The retirement savings of America's working families depend in no small part on all companies, including small businesses and start-ups, having honest accounting practices. Companies that do not expense stock options are hiding their true cost from investors, creditors and other consumers of financial reports. Stock option compensation should not receive preferential accounting treatment. Thank you.

I urge you to require stock option expensing as soon as possible. Independent experts, such as the Financial Accounting Standards Board, should set the standards on stock option expensing - not politicians. Stock options are a compensation expense, and this cost can be reliably estimated using your proposed accounting method. Corporate executives should be ashamed for trying to hide the cost of stock options from their investors, not to mention regulators.

Sincerely,

AJ Averett

cc:
Senator Richard Shelby