

May 16, 2001

ICANN's Chairman had undisclosed conflict of interest

There are serious concerns over ICANN's inappropriate handling of the process that led to the new deal with VeriSign, Inc. Most important of these is ICANN's Chairman's questionable conduct and undisclosed potential conflict of interest. MCI/Worldcom is one of four organizations to have provided a total of \$1.025 million in one-year unsecured loans to ICANN. Worldcom's \$500,000 share was by far the largest of the four.

Vinton G. Cerf is the Chairman of the Board of ICANN. He is also senior vice president of Internet Architecture and Technology for WorldCom.

Cerf received correspondence from VeriSign Senior Vice President Roger J. Cochetti dated March 29, 2001, regarding "allegations made about VeriSign during the [ICANN] Melbourne meeting" concerning VeriSign's domain-name business practices. Cerf is not a member of the ICANN Names Council, which is the empowered authority regarding any domain-name issue, specifically the ICANN agreement with VeriSign. This correspondence and any other contact between Cerf and VeriSign related to VeriSign's request to change its deal with ICANN was inappropriate and violated ICANN's own bylaws, which were set by the Department of Commerce.

Cerf chaired the highly questionable April 2, 2001 ICANN Board meeting that approved the new agreement between VeriSign and ICANN.

The Names Council voted overwhelmingly against the new VeriSign proposal. Despite this, and despite having no right to overrule the decision of the Names council, the ICANN Board voted to approve the new agreement. According to ICANN Board member Andy Müller-Maguhn, Cerf rushed the approval vote on the VeriSign agreement.

The new agreement assures payments for ICANN from VeriSign. VeriSign will pay ICANN \$25,000 per quarter for each of its registries through June 30, 2002, plus \$3.5 million per registry for each fiscal year beginning June 30, 2002.

Cerf should not have been involved with the VeriSign decision in the first place – that was the responsibility of the Names Council. Cerf violated ICANN's bylaws by corresponding with VeriSign and by allowing the ICANN Board's vote that rejected the mandate of the Names Council.

This is an opinion on public policy. This statement is separate from our analyses of the gross overvaluation of VeriSign's common stock, which are available on our website at www.asensio.com.