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Another dubious attempt to predict public policy.

In a report dated May 7, 2001, Prudential Securities analyst James Lucier claims "first-hand" information about a decision the U.S. Department of Commerce ("DOC") is expected to announce on Monday, May 14. The DOC is scheduled to announce whether it will approve an unnecessary and anticompetitive new contract between VeriSign, Inc. (NASDAQ: VRSN) (Price: \$60.17) and the Internet Corporation for Assigned Names and Numbers ("ICANN"). This contract will excuse VeriSign from its obligation, specified in a November 1999 agreement with ICANN, to divest itself of its monopolistic registrar business for Internet .com domain names.

ICANN was established in accordance with a Clinton Administration White Paper that detailed the process of public policy decision-making. The White Paper stated that all ICANN decisions affecting the public should be accompanied by: 1) a public announcement; 2) a chance for public comment; and 3) meaningful response to these comments.

ICANN's Board approved the new contract with VeriSign even though the contract was rejected by its Names Council. ICANN's bylaws give the Names Council responsibility over domain-name policy. ICANN violated its bylaws not only by ignoring the recommendation of its Names Council, but also by failing to open this decision to debate. ICANN's Board was not authorized to consider, much less approve, the VeriSign agreement.

The DOC cannot be making private comments to an analyst regarding its disposition on a pending decision of public policy. If a Prudential analyst wants to speculate on a positive decision, that is one thing. But an analyst claiming "first-hand conversations with individuals involved in the regulatory oversight process" is violating the openness and transparency vital to the public policy process.

We believe that a Prudential analyst should not be making predictions about public policy decisions that claim to be based on private conversations. We would like to know why this analyst couldn't wait for this decision, which is scheduled for May 14, just one week after his report, to be announced publicly.

This decision will not be about VeriSign flexing its political muscle. This decision is about protecting the Internet community from just such narrow and self-serving interests. In December 2000, DOC Secretary Donald Evans stated his commitment to "free and open competition." We believe that VeriSign's attempt to manage a public policy decision behind closed doors is the very reason why the new contract, not just ill-conceived but also illegitimately conceived, will be rejected by the DOC.