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Six More Years of Monopoly.com?

Next Monday, May 14, the Department of Commerce is scheduled to decide whether VeriSign, Inc. will be allowed to retain its unprecedented quasi-monopoly over the registration of dot-com Internet names and the maintenance of the master directory of those names. The impending decision, which impacts everyone who uses the Internet – a public utility if ever there was one – is unfortunately one that has been heavily influenced by private parties with private agendas and no motivation to behave in anything resembling an altruistic fashion. Though the Commerce Department decision should be an obvious one in favor of unlocking VeriSign's stranglehold on the Internet domain name business, there is a likelihood that the monopoly will be allowed to continue.

The current debate over the rights to Internet domain names is largely a product of a 1999 agreement VeriSign signed with The Internet Corporation for Assigned Names and Numbers (ICANN) in which the company was granted permission to operate the domain-name registries for .com, .net, and .org until 2007, provided it divested itself of its registrar business in May 2001. Both the registry (the master list of the domain names) and registrar (the ability to register new domain names) businesses are highly lucrative for VeriSign, since it receives \$35 per domain name registered, per year, and rakes in a lofty \$6 per name, per year, for each of the over 30 million domain names currently registered. If fairness and logic had prevailed back in 1999, the whole Internet-name business would today be a fair and competitive market. But VeriSign overwhelmed Washington with a barrage of political firepower, painting a self-serving doomsday scenario that ending their monopoly would inflict a mortal wound upon the Internet.

Though the 1999 agreement couldn't have been more favorable to VeriSign, they struck a deal with ICANN behind closed doors last month that was even sweeter than the previous one, because it hands VeriSign the keys to the .com and .net domains for six more years.

Because ICANN purports to be an independent, nonprofit, global organization representing the interests of the Internet community – though it has no public employees – its endorsement of the new deal with VeriSign has led many to believe the new agreement will be rubber-stamped by the Department of Commerce next Monday. Rubber-stamped? Surely, one would think, VeriSign must be sweating out the pending decision. After all, it's certainly conceivable that the DOC might place the virtues of competitiveness and the public good over the monopolistic interests of a plain and simple government contractor. If so, VeriSign will have until May 31 to divest its registrar business completely.

Rather than behaving in a decorous manner, hoping for the best but responsibly preparing for the worst, VeriSign, by its own admission, is not even seeking buyers for its registrar business. Furthermore, analysts from Bear Stearns, Salomon Smith Barney, and even the dethroned Internet queen Mary Meeker of Morgan Stanley Dean Witter have been treating the DOC review of this deal as a perfunctory, going-through-the-motions process.

Because of ICANN's stature it remains free to create public policy without normal governmental supervision, avoiding that pesky public scrutiny that so bedevils most policy makers. The ICANN Board isn't even paying heed to its own internal domain-name advisors. ICANN's Names Council voted 24-2 against the adoption of the anticompetitive VeriSign contract, but the Board blithely disregarded this devastating mandate and approved the contract anyway.

There is no reason for VeriSign's monopoly to be perpetuated. There is no reason for it to even be an issue – it was decided in 1999 that this monopoly should cease. Back then, the public got a raw deal, but at least it was only an 18-month raw deal. Six years in real life is a long time. Six years on the Internet is forever.

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