

VeriSign, Inc.

Summary of the case:

Based in Reston, Virginia, VeriSign assigns the bulk of U.S. Internet protocol (IP) addresses under a contract with the Internet Corporation for Assigned Names and Numbers ("ICANN") that was under renewal review throughout the Class Period.

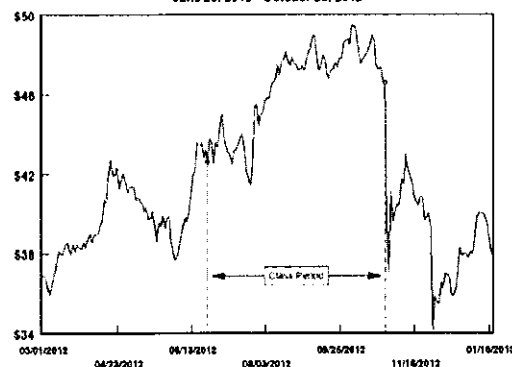
During the Class Period, defendants highlighted the purported strong growth in VeriSign's domain name registrations and led the market to believe that 3Q'12 renewals were progressing with equal vigor. Defendants also announced on June 25, 2012 ICANN had approved the renewal of VeriSign's lucrative agreement to serve as the authoritative registry operator for the .com registry for the term commencing on Dec. 1, 2012 and continuing through Nov. 30, 2018. VeriSign's existing agreement with ICANN had not undergone review, including a pricing review, since 2006. While defendants stated on June 25, 2012 that the U.S. Department of Commerce was "reviewing the renewal of the .com registry agreement under the terms of the Cooperative Agreement between the Department and VeriSign," defendants downplayed the importance of that review. Defendants also concealed what they knew of industry rancor and discord toward VeriSign's control over .com registrations and the Company's pricing practices. Based on Defendants' bullish statements, the Company's stock traded at inflated prices throughout the Class Period, trading above \$50 per share by October 4, 2012.

Defendants shocked the market on October 25, 2012 by disclosing, after the close of trading, that indeed, the U.S. Department of Justice ("DOJ") was reviewing its domain name pricing arrangements and that it was now doubtful that review would be complete in time to allow the U.S. Commerce Department to renew its contract before it expired on November 30, 2012. Defendants also disclosed that the Company's 3Q '12 sales had been negatively impacted by industry efforts to stymie unseemly business practices. On this news, VeriSign's stock fell more than 15% on extremely high volume of more than 12 times the average daily trading volume over the prior three month period.

The true facts, which were known by each of the defendants but concealed from the investing public during the Class Period, were that: (a) Challenges to the Company's registry pricing scheme that defendants knew about but concealed from the market made it more likely than not that the U.S. DOJ and Department of Commerce would demand price concessions in exchange for leaving VeriSign in charge of operating the .com and .net networks; (b) VeriSign's growth in domain name registrations was in decline; (c) VeriSign was relying heavily on revenues from "parking" websites and other dubious websites focused drawing in and monetizing traffic, rather than in providing cogent business leads; (d) Defendants knew that Google and other Internet search engines had been tweaking their algorithms to improve the quality of their search results by ranking lower subpar quality websites, such as those which are not updated often or provided little or no content; (e) Subpar domain name owners had stopped renewing their agreements with VeriSign as a result of the Internet search engine's efforts to discourage them by demonetizing their practices; and (f) as a result, Defendants knew VeriSign's FY 2012 earnings guidance was not attainable.

Verisign

June 25, 2012 - October 25, 2012



Class:

Purchasers of VeriSign common stock between June 25, 2012 and October 25, 2012

Lead Plaintiff Motion Date:

TBD

Defendants:

VeriSign, D. James Bidzos and George E. Kilguss, III

Basis of Action:

Sections 10(b) and 20(a) of the Securities Exchange Act of 1934

Date Filed:

January 2013

Court:

Eastern District of Virginia

Judge:

TBD

(b)(6), (b)(7)(C), (b)(7)(D)
/s/ [Redacted]
[Redacted]
[Redacted]
[Redacted]

Robbins Geller
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