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7 COALITION FOR ICANN TRANSPARENCY, INC.

8 UNITED STATES DISTRICT COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 SAN JOSE DIVISION

12 COALITION FOR ICANN TRANSPARENCY  
INC., a Delaware corporation,

13 Plaintiff,

14 v.

15 VERISIGN, INC., a Delaware corporation;  
16 INTERNET CORPORATION FOR ASSIGNED  
17 NAMES AND NUMBERS, a California  
corporation,

18 Defendants.

Case No.

**DECLARATION OF RICHARD L.  
CHAMBERS IN SUPPORT OF  
THE COALITION FOR ICANN  
TRANSPARENCY'S *EX PARTE*  
APPLICATION FOR  
TEMPORARY RESTRAINING  
ORDER**

20 I, Richard L. Chambers, hereby declare:

21 1. I am the Managing Principal (Member) of R. Lee Chambers Company LLC d/b/a  
22 domainstobeseen.com. R. Lee Chambers Company LLC is a domain name registrar, engaged in  
23 the business of registering domain names for others. I have personal knowledge of the facts  
24 stated herein and could testify competently to them if called to do so.

25 2. I have read the proposed ICANN/VeriSign "Registry Agreement," which is posted  
26 on ICANN's website at [http://www.icann.org/tlds/agreements/verisign/com-registry-agreement-](http://www.icann.org/tlds/agreements/verisign/com-registry-agreement-22sep05.pdf)  
27 [22sep05.pdf](http://www.icann.org/tlds/agreements/verisign/com-registry-agreement-22sep05.pdf). If implemented, the pricing provisions of that agreement, set forth in Section 7.3(d),  
28 would cause my company immediate and irreparable harm.

1 Price Increase

2 3. Under the existing .com registry agreement, R. Lee Chambers Company LLC is  
3 required to pay \$6.00 to VeriSign (the registry) for each .com domain name registration or  
4 renewal as a registry fee. In addition, ICANN charges what it calls a "registry-level transaction  
5 fee" of \$0.25 per year, which R. Lee Chambers Company LLC pays to ICANN. Thus, under the  
6 existing Registry Agreement, R. Lee Chambers Company LLC pays \$6.25 to register a domain  
7 name.

8 4. According to Section 7.3(g) of the proposed Registry Agreement, the maximum  
9 price of registration does not include the fees provided for in Sections 7.2(d) and (e). The fee  
10 provided for in Section 7.2(d) would be \$0.37 (an increase from the current \$0.25 fee) from  
11 January 1, 2006 until July 1, 2006. It would further increase to \$0.45 from July 1, 2006 until July  
12 1, 2007, and then it would increase to \$0.50. The maximum per transaction fee allowed under  
13 Section 7.2(e) would be \$0.15. To register/renew a domain name, R. Lee Chambers Company  
14 LLC will be required to pay both of these fees in addition to the maximum price for registry  
15 services provided in Section 7.3(d), which initially is set at \$6.00.

16 5. Including both the maximum price for registry services and the fees from Sections  
17 7.2(d) and (e), the price for a .com domain name registration would jump from \$6.25 (under the  
18 existing Registry Agreement) to \$6.56 beginning January 1, 2006.

19 6. The new Registry Agreement also contains a price escalator. After January 1,  
20 2007, the price for a domain name registration would increase automatically each year by seven  
21 percent. Under Section 7.3(d)(ii), that 7% price increase would not only be automatic, it could  
22 only go up, never down. Furthermore, the increase is not tied to the inflation rate or any other  
23 index.

24 7. Beginning with the price of \$6.00 in 2006 and multiplying by 1.07 each year (as  
25 provided in Section 7.3(d)(ii) of the proposed Registry Agreement), the price escalator will result  
26 in the following base prices: \$6.42 in 2007; \$6.87 in 2008; \$7.35 in 2009; \$7.86 in 2010; \$8.42  
27 in 2011; and \$9.00 in 2012.

1           8.       In addition, to register a domain name, R. Lee Chambers Company LLC will have  
2 to pay the fees provided for in Sections 7.2 (d) and (e). Thus, the maximum cost of registration  
3 would be as follows: \$6.52 (from January 1, 2006 until July 1, 2006); \$6.60 (from July 1, 2006  
4 until January 1, 2007); \$7.02 (from January 1, 2007 until July 1, 2007); \$7.07 (from July 1, 2007  
5 until January 1, 2008); \$7.52 (in 2008); \$8.00 (in 2009); \$8.51 (in 2010); \$9.07 (in 2011); and  
6 \$9.65 (in 2012).

7           9.       The price increase built into the Registry Agreement will harm R. Lee Chambers  
8 Company LLC. Over the term of the new agreement (through 2012), we would either need to  
9 absorb the price increase, or charge customers more for each registration, which would lower the  
10 demand for new registrations. Under either scenario, our profits would decrease.

#### 11                           R. Lee Chambers Company LLC's Irreparable Harm

12           10.       The new "Central Listing Service" ("CLS") that VeriSign proposes to offer  
13 starting in December will disrupt our established and competitive business and will replace it with  
14 a system that is designed to maximize profits for a select group of registrars: those with the  
15 largest number of domain names. Under the CLS service, there will be an auction for any  
16 expiring domain name. If there is a successful bid on a domain name, VeriSign will give 90% of  
17 the bid to the registrar who released the name and keep 10% for itself. The registrar for the  
18 successful bidder receives no portion of the bid price. Because the domain name registration  
19 system initially relied on only one registrar and only slowly opened up to a competitive registrar  
20 system, the majority of domain names are still controlled by a small number of registrars. This  
21 small group will benefit from the new CLS system at the expense of the newer and smaller  
22 registrars, who are able to offer competitive services under the current system but will be almost  
23 entirely excluded from the new system.

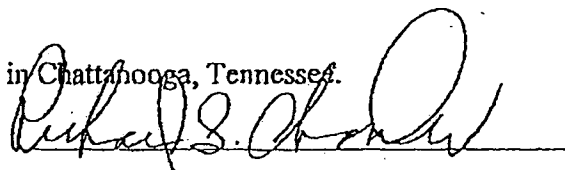
24           11.       If VeriSign offers CLS, the harm to R. Lee Chambers Company LLC will be  
25 immediate and irreparable. In the case of R. Lee Chambers Company LLC, 95-98% of our  
26 revenue from our work with back order service providers to offer registration services for  
27 expiring domain names. If our back order service provider is successful in obtaining a desirable  
28 domain name for a registrant, we receive a portion of the amount that the registrant pays for the

1 domain name, which can be significant. Because our back order service provider works with a  
 2 number of registrars, we have been able to pool our resources, which has allowed us to establish a  
 3 strong and competitive business model. As a result, we are able to offer competitive registration  
 4 services to registrants. If VeriSign launches the CLS service, the CLS service will displace (and  
 5 shut down) the back order services offered by R. Lee Chambers Company LLC and we will  
 6 immediately lose nearly our entire revenue stream. This will result in the immediate layoff of  
 7 dozens of trained and skilled employees, the termination of beneficial contract relationships  
 8 between R. Lee Chambers Company LLC and numerous registrars, and a possible bankruptcy as  
 9 R. Lee Chambers Company LLC has certain set financial obligations, such as our mortgage and  
 10 costs associated with our servers, that we would likely not be able to meet without any revenue  
 11 from our core back order service business.

12 12. Even a temporary offering of the CLS service will irreparably harm R. Lee  
 13 Chambers Company LLC because we will not be able simply to restart our work with back order  
 14 service providers to offer registration services for expiring domain names. After the mass layoff  
 15 required when we shut down our back order service business as a result of VeriSign's launch of  
 16 CLS, R. Lee Chambers Company LLC will be nothing more than a shell of a company. As a  
 17 result, before we can begin offering back order services, we will need to renegotiate contracts  
 18 with registrars and hire employees. We may be able to rehire some of our former employees, but  
 19 some of the most valuable employees will likely have found alternative employment and will no  
 20 longer be available. I estimate that it would take R. Lee Chambers Company LLC a year or more  
 21 to recover from even a short temporary shut down of our core back order service business. If the  
 22 shut down lasted more than a month, I am doubtful that we would be able to wait out the period  
 23 and restart the business.

24 I declare under penalty of perjury under the laws of the United States that the foregoing is  
 25 true and correct.

26 Executed this 25th day of November, 2005, in Chattanooga, Tennessee.



27  
 28 Name