

Special Situation Investing Newsletter

Brought to you by 24/7 Wall St., LLC



July 7, 2008

"Locking-In Half of VeriSign Profits After Only 2 Weeks"

Because of some fresh price/news developments in VeriSign, Inc. (NASDAQ: VRSN) we ask you to **please read this entire email before acting**. But immediate action should be considered despite the belief that this heads farther south and despite the hold period only being two weeks.

Our last call that went out to our newsletter subscribers was a bet against VeriSign, Inc. (NASDAQ: VRSN). That was sent in the early morning hours on June 26, 2008 based upon a \$39.26 close on Monday, June 25, 2006. We gave several scenarios for this bet against company with the most common being a short sell and a hedge with the purchase of calls. While our plans were looking for a winning call based upon a longer-term development, the CEO defection allowed this to drop down close to our target price in less than 2-full weeks and has added even further to our calls against the company after we witnessed both the CFO and another financial executive leave.

The long and short of the matter is that we believe more negative news or at least more headwind is headed the way of VeriSign. This is part of the reason we like Website Pros (NASDAQ: WWW) (essentially Web.com), but that is in our "10 Stocks Under \$10" weekly newsletter.

Shares closed down 9.5% today after the CEO left. This short sale against the company is showing an 18% gain already in less than two full weeks. On our de-leveraged trade we called for a purchase of the December 2008 \$32.50 PUT OPTIONS (at \$1.35). We even went as far to predict that based upon a \$34.00 hypothetical price by the end of August that we'd expect a \$2.25 theoretical price for this option. Well, based upon a much faster and ramped timing this contract is now worth \$2.80 based upon today's close. While this represents a gain of more than 100%, please recall that we aren't out touting 100% gains. We viewed as the de-leveraged trade making the call that you could just use the risk-based portion of the trade for 10 PUT contracts if you were looking at shorting 1,000 shares.

Bet we did come up with a much more speculative trade here for those who wanted more leverage or at least less risk-based capital. We called the DEC08 \$30.00 PUTS (at \$0.85 on our call) the most leveraged bang for your buck for the most speculative and most leveraged trade. Here we highlighted that this with a theoretical \$35.00 stock price by the end of September might not generate \$2.00 all said and done. Those closed at \$1.65 today which is almost 100% of a gain in the contract price.

This is the risk of going too far out of the money in put and call option buying. The call frequently has to be "too accurate" before you can get a major payoff and you might end up being right but not making much money because you weren't right enough there. And here this feels like a rambling on.....

We urge you to take your profits here on half of the position. A further bear market is going to make us look like we are jumping the gun far too fast, but that is why we are only calling for you to cover half of your short or to exit half of your PUT option contracts. We believe more is building against the company and now the company has trust issues as we enter earnings season. But we would feel outright silly to not at least note coming out of half of this position.

We can't call this entire call a conservative one at all, yet we do try to be conservative. We were far too modest in our similar call against Getty Images (Former GYI stock) last year, and we openly admit this could be a near repeat of that in under-estimating the pressures that Wall Street will pick up on after we make the exits. That is why we urge you to take out only half of your bet against VeriSign. It isn't every month we get to propose such large gains in Special Situation plays this quick into it. In this environment, we want to see you lock in half of those profits. We do still want to see you leave some of the bet on against the company, but you rarely go wrong taking this much profit this fast.

Our first SPECIAL SITUATION newsletter for JULY 2008 is scheduled to go out by Thursday morning (July 10, 2008) but may go out slightly sooner than that. This is not the norm in the timing of a call for taking profits, but sometimes we get to realize the scenarios much swifter than expected.

To verify everything we have shown here, you can compare this to the send date URL we designated for the letter at the following URL:

- http://www.247wallst.com/newsletters/SSIN_VRSN_062608.pdf

Happy trading!

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