

# Verint hindered by Comverse scandal

## With earnings report delays, delisting is possible

By JEAN PAUL VELLOTTI

When Comverse Technology Inc. made headlines early this week regarding questionable stock option grants, they also dragged Melville's Verint Systems into the mud.

Both companies delayed filing earnings reports this week, and Verint also put off filing their annual report. This action could cause both companies to be delisted from the Nasdaq exchange, though insiders say this is unlikely.

At issue is whether or not stock holders in Comverse illegally exercised their stock options. Comverse Chief Executive Officer Kobi Alexander is in the spotlight for executing his options at least eight times when stock prices were at their lowest between 1994 and 2001, according to The Wall Street Journal.

Verint, which was a former division of Comverse, went public in 2002. Comverse retains a 57 percent stake in the company.

Alan Wienfeld, an analyst with Kaufman Bros., said he thinks if anyone pays the price, it might be Verint Chief Financial Officer Igal Nissim, who was also the CFO of Comverse from 1993 to 1998.

Alon Kapen, a securities lawyer and partner at Farrell Fritz in Uniondale, said that the timing and reporting of the Comverse options is an accounting disaster for Verint.

"This is a hot issue right now at the U.S. Securities and Exchange Commission," Kapen said. "There is a lot of suspicion that companies have abused this area of stock grants."

By retroactively dating the timing of the grants to coincide with lower stock values, the shareholder sees a larger margin.

In Verint's case, the grants were not documented properly, Kapen said. Verint was informed of this by a Comverse investigative committee. This notification influenced Verint's decision to delay filings.

On Feb 7, Wienfeld gave Verint a "buy" rating and stands by his position, even after Verint's decision to not file its annual report on time.

"Verint's a strong company. I looked at their 4th quarter results, their 2007 estimates, the big retail deals they have been making, they are performing fine. They have key products for U.S. intelligence," said Wienfeld.

The news isn't as good for Comverse, he added.

"Comverse is in a lot of trouble, but I don't think Verint as a company will have anything to worry about," Wienfeld said.