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Roberts & Ryan Investments Inc.

Based in San Francisco, we provide "value added" information to our global asset managing clients.

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About Roberts & Ryan

We thank our readers for their support of our research efforts. Via this newsletter to our clients, we publish the smallest voices from Silicon Valley, California. Our contribution is to refute or confirm what is being publicly asserted by the covered companies. Thanks again.

In order to facilitate our receipt of directed order flow, we show our list of agents as follows:

Global markets:

Merrill Lynch
Societe Generale

(Pan European only)
Cheuvreaux

(Asia only)
HSBC

US Domestic:
Pershing

(Australia only)
Deutsche Bank

India

Paypal makes more changes in India

Paypal is making more changes to its online payment service in India, saying it will begin restricting the size of payments to merchants in that country because of new rules from the Reserve Bank of India. In a recent post on PayPal's blog, spokesman Dickson Seow said the rules imposed by the bank will be effective March 1. The changes are just the latest to PayPal's service in the country. The company began blocking personal payments to and from India last January after regulators questioned whether PayPal payments should be regulated like wire transfers of cash. The ability to withdraw funds from a PayPal account in India, which was also suspended, was reinstated in July.

Under the new rules, India-based merchants who use PayPal won't be able to receive payments from outside India for more than \$500 per transaction Seow said. "For purchases or payments above this transaction value, you will have to use an alternative payment method," he said. PayPal spokesman Anuj Nayar said that the "vast majority" of transactions

by merchants who use PayPal in India involve less than \$500. The new rules also stipulate that, as of March 1, PayPal users in India won't be able to use their existing balance and future payments to buy any items. Instead, they must transfer funds to a bank account in India first. PayPal users within the country who sell goods to buyers outside India will have to transfer their PayPal funds to a bank account in India within a week of being notified that the buyer has gotten their purchase. However, users in India will still be able to use PayPal to buy items from foreign merchants over the Internet. Nayar said that because the rules were put in place by the bank, they will affect all online payment services in India.

The exact size of PayPal's India market is unknown, but it is small. In 2009, PayPal had almost 170,000 active accounts. The company had 94 million total active accounts in 2010, and because of the restrictions put in place last year it is possible that the number of users declined. PayPal is owned by eBay.

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Europe

Facebook to boost privacy in Germany



“Facebook agreed to explain the features of Friend Finder prominently and to tell users how to limit its ability to gain access to contacts and to store them.”

Facebook, facing potential fines for violating strict privacy laws in Germany, agreed to let users in the country better shield their e-mail contacts from unwanted advertisements and solicitations. Facebook, which has more than 10 million users in Germany will be able to better block Facebook’s ability to contact people, including non-Facebook users culled from a user’s e-mail address books. Tina Kulow, a Facebook spokeswoman in Hamburg, said users in Germany would now be advised that the site could send solicitations to people on their mailing lists, should they choose to upload their address book to Friend Finder.

Facebook is the second American-based Internet business to modify its operations to suit German privacy laws, which give individuals exten-

sive control over personal data. Last year, facing fines, Google let Germans exclude photos of their homes and apartments from its Street View photographic map archive before the



service went live. Like Google, Facebook decided to change its operations after Johannes Caspar, the data protection supervisor in Hamburg, opened a review of the company’s practices. Violations of German privacy law carry penalties up to 300,000 euros (\$410,000), though adverse publicity can be more damaging. Caspar said his

office has received “many, many complaints” in the past six months from Germans who had never used Facebook but were still receiving Facebook solicitations because their e-mail addresses had been siphoned from friends. The issue took on political overtone, with German’s data protection commissioner, Peter Schaar, and its consumer protection minister, Ilse Aigner, criticizing Facebook for disregarding German privacy laws. Caspar’s office initially demanded that Facebook deactivate its Friend Finder service in Germany. Meetings were held over the past seven months, he said.

In the compromise announced, Facebook agreed to explain the features of Friend Finder prominently and to tell users how to limit its ability to gain access to contacts and to store them.

Germany strives to be leader in data protection

Germany should become a leader in international data protection standards, the country’s justice minister said, and she praised WikiLeaks for helping raise awareness of the issue in the United States. Sabine Leutheusser-Schnarrenberger, who has clashed with U.S. Internet giants such as Google and Facebook over privacy issues, announced the establishment of a new German foundation that would explore data security issues, such as how a high security standard could be used to competitive advantage and develop technology to protect user privacy.

The minister also urged the European Union to include agreements on data protection standards

with the United States as it moves to revamp its 15-year-old data protection laws. Legislation is expected to be proposed midyear. She underlined the importance of increased dialogue with the U.S. to better understand the “different legal cultures” of data protection on opposite banks of the Atlantic. “For this reason, I believe it is important that we strive to achieve basic ground rules of what constitutes data security,” Leutheusser-Schnarrenberger said.

Germany has some of the strictest data protection regulations in Europe, and the minister expressed concern that the European law not force Berlin to water them down.

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Europe

Spanish lawsuit seeks to have certain links deleted

“Lawyers for Google went to court in Madrid to appeal demands by Spanish authorities that the company delete certain links.”

Lawyers for Google went to court in Madrid to appeal demands by Spanish authorities that the company delete links to websites containing information officials say violates Spaniards’ privacy rights. Google says it’s the first case of its kind – and a Spanish decision mandating the deletion of the links could hurt freedom of expression.

Spain’s Data Protection Agency said it filed the orders against Google at the request of individuals who lodged complaints and because the original publishers of the material cannot legally be ordered to take them down. The agency has issued 90 orders for Google to take down links. The National Court heard arguments from both sides on the first five orders to be appealed. The cases include a surgeon who was absolved of charges of criminal negligence in a 1991 case but who sees a Spanish newspaper reference to the original case – and not the acquittal – whenever his name keyed into Google’s search engine. Another case involved a woman who was denied a local government grant years ago but reference to the case and data about her keeps appearing in searches using her name. Google’s chief argument is that it is just an intermediary and that the original publishers are responsible for the content.

Google fears that a ruling against by the court would effectively give the U.S. search engine giant publisher status and make it accountable for the material it provides on the Internet. “We are disappointed by the actions of the Spanish privacy regulator. Spanish and European law rightly hold the publisher of material responsible for its content,” Peter Barron, Director of External Relations for Google, said before the hearing.

“Requiring intermediaries like



search engine to censor material published by others would have a profound chilling effect on free expression without protecting people’s privacy,” he said.

The five cases involved information published in newspapers or official gazettes. Jose Antonio Perales, a lawyer for the data protection agency, said each of the five individuals claimed their dignity and privacy were affected by the fact

that references to past events involving them continued to appear in Internet searches. “We face a violation of fundamental rights,” said Gabriel Gomez, a lawyer acting on behalf of the surgeon. “The Internet can’t be a refuge for insults, threats or offenses.” But lawyers for Google pointed out that the data agency had not called on any of the news providers to modify or remove their content. They argued there are Internet tools available so that newspapers could block search engines from indexing certain material. They also pointed out that Google had blocked information when it was shown to be criminal, such as child pornography sites. “All the sentences (in other countries) under which Google has de-indexed pages are sentences which declared the content illegal,” said Google lawyer Javier Aparicio, arguing that the material concerned in the Spanish cases was not illegal.

A ruling by the National Court could take weeks, even months. The case is the latest legal wrangle involving Google. Google’s street mapping program has been dogged by privacy concerns in Europe since its launch, and authorities across the world have mounted probes into the tech company’s practices.

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Africa

Widespread blackout of communications was ‘unprecedented’



“Egypt, a country with 80 million people and modernizing economy cut of nearly all access to the network and shut down cell phone service in certain areas.”

Autocratic governments often limit phone and internet access in tense times. But the Internet has never faced anything like what happened in Egypt recently, when the government of a country with 80 million people and a modernizing economy cut of nearly all access to the network and shut down cell phone service in certain areas. The shutdown caused a 90 percent drop in data traffic to an from Egypt, crippling an important communication tool used by anti-government protestors and their supporters to organize and spread their message.

Egypt, to an unprecedented extent, pulled itself off the grid. “In a fundamental sense, it’s as if you rewrote the map and they are no longer a country,” said Jim Cowie, chief technology officer of Renesys, a company based in New Hampshire that tracks internet traffic. “Almost nobody in Egypt has Internet connectivity,” Cowie added. “I’ve never seen it happen at this scale.”

Vodafone, a cell phone provider based in London with 28 million subscribers in Egypt, said in a statement on its website that “all mobile operators in Egypt have been instructed to suspend services in selected areas.” The company said it was “obliged to comply” with the order. Although relatively few Egyptian homes have Internet access, cybercafés do, and cell phones are prevalent. Mobile phones outnumber fixed lines, as is the case in many developing countries. At the end of 2010, an estimated 80 percent of Egyptians had a cell phone, according to research firm Ovum. About a quarter of those had access to the Internet as of 2009, according to the International Telecommunications Union, an arm of the United Nations. So it was notable that the government shut down not just Internet connections, but also mobile service.

In the Internet era, governments have found many ways to

control the flow of information – or at least try to do so- by interfering with digital communications or limiting them. Few governments have cut off access entirely; Myanmar did so in 2007, as did Nepal two years earlier. But at least 40 countries filter specific Internet sites and services, as China does by prohibiting access to some foreign news sources, said Ronald Deibert, a political scientist and director of the Citizen Lab at the University of Toronto, which tracks the intersection of technology and politics. “It’s almost de rigueur during events like this – elections or political demonstrations – to tamper with the Internet,” Deibert said. But he added that the shutdown in Egypt was “unprecedented in scope and scale.”

Like other groups that track Internet traffic, Deibert’s organization found that Internet access in Egypt dropped off sharply around 12:30 a.m. Friday in Cairo, or about 2:30 p.m. Thursday Pacific

time. Some Internet traffic remained flowing Friday, allowing access to and from the country’s stock exchange and some government agencies, according to researchers. Online activists inside and outside the country passed along information about how to work around the shutdown, like using dial-up Internet connections in other countries.

Deibert said that a government that chooses to tamper with the Internet—let alone shut it off—incur potentially serious diplomatic, political and economic costs. Citizens and businesses, he noted, have become increasingly dependent on Internet communication and transactions, and doubtless are putting pressures on the Egyptian government to relent. Curiously, Internet experts said, the ease with which Egypt shut down communications networks may be a result of its historical lack of repressiveness when it comes to telecommunications access.

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