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## Atlanta's EBIX rebounds from fall that followed critical blog post

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The Atlanta Journal-Constitution

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Shares of the Atlanta-based insurance software firm EBIX rallied Friday after its stock price plummeted a day earlier following a scathing series of anonymous blogs about its financial disclosures.

The post on the financial opinion website Seeking Alpha was penned by someone under the pseudonym Copperfield Research who admittedly shorts EBIX stock, meaning he or she would gain if the stock falls.

EBIX Chairman and CEO Robin Raina denied any wrongdoing. He called the accusations in the postings and the following a sell-off of shares Thursday “a very targeted plan to take the [stock] price down.”

The anonymous report appears to have done just that. According to Yahoo! Finance, the stock dropped around \$7 per share, or nearly 25 percent, in about two hours before markets closed Thursday.

Raina claimed the stock activities reduced shareholder value by about \$400 million.

EBIX stock climbed Friday to close up 4 percent at \$23.48, with shares trading at more than 10 times normal volume.

Seeking Alpha is a financial site that aggregates opinion and analysis.

A message left at an e-mail address for the anonymous blogger listed on Seeking Alpha was not immediately returned. The site describes Copperfield as “a research organization focusing on publicly traded equities.”

Seeking Alpha has methods to dispute articles, and none have been filed regarding the author or the articles, said Mary Hunt, the site’s managing editor.

She directed further comment to the author and to Seeking Alpha’s top executives, who were not available for comment Friday.

Raina said he is considering requests for inquiries by the Securities and Exchange Commission and the Financial Industry Regulatory Authority.

He described as “frivolous” any implications of misrepresentations in the company’s financial disclosures.

Raina said a similar attack on the company two years ago occurred mostly in private and did not reach

financial blogs.

EBIX's annual revenue has quadrupled in four years to \$132.2 million last year. The company reported \$59 million in profit last year, up more than 50 percent from 2009.

EBIX, named to The Atlanta Journal-Constitution's Georgia 100 for top public companies in 2008, remains highly active in the mergers and acquisitions world.

The company added the Atlanta-based health information firm A.D.A.M. last year, and it has acquired 10 other companies since January 2008, according to EBIX's annual report filed with the SEC on March 16.

Though headquartered in Atlanta, much of EBIX's software development operations are in Singapore and India. It markets products in the United States, Australia, Great Britain and other countries.

"When the blog is anonymous, you have to be very, very careful," said Dan Kolber, a securities attorney with Intellinvest Securities in Atlanta.

The authors, by acknowledging a short position on the stock, stand to gain from drains on the price, Kolber said.

Allegations of improper financial disclosures are serious, he said. So is Raina's allegation that a blogger released false information for the purpose of manipulating the market.

Mike Latimore, an equity analyst with Northland Capital Markets, said the postings critical of EBIX's financial disclosures are themselves "misrepresentations" of the company.

EBIX is a complicated company, Latimore said, that has experienced a lot of growth through buying rivals. Latimore rates the company as market outperform.

"The shorts make a profession out of negative comments of the company, independent of whether or not they're true," said Brink Dickerson, a securities attorney with Troutman Sanders in Atlanta.

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