

follow-on public offering conducted on or about July 13, 2000, of 6,500,000 shares of Virata at \$71.00 per share ("Secondary Offering"), and the trading of Virata common stock in the aftermarket from the date of the IPO through December 6, 2000, inclusive (the "Class Period"). The IPO and the Secondary Offering will be, at varying times, collectively referred to hereinafter as the "Offerings."

2. In connection with these Offerings, certain of the underwriters named as Defendants herein (and defined below as the "IPO Underwriter Defendants") participated in a scheme to improperly enrich themselves through the manipulation of the aftermarket trading in Virata common stock following the IPO.

3. In this regard, the IPO Underwriter Defendants created artificial demand for Virata stock by conditioning share allocations in the IPO upon the requirement that customers agree to purchase shares of Virata in the aftermarket and, in some instances, to make those purchases at pre-arranged, escalating prices ("Tie-in Agreements").

4. As part of the scheme, the IPO Underwriter Defendants required their customers to repay a material portion of profits obtained from selling IPO share allocations in the aftermarket through one or more of the following types of transactions: (a) paying inflated brokerage commissions; (b) entering into transactions in otherwise unrelated securities for the primary purpose of generating commissions; and/or (c) purchasing equity offerings underwritten by these IPO Underwriter Defendants, including, but not limited to, secondary (or add-on) offerings that would not be purchased but for the IPO Underwriter Defendants' unlawful scheme alleged herein. (Transactions "(a)" through "(c)" above will be, at varying times, collectively referred to hereinafter as "Undisclosed Compensation").

5. In addition, the IPO Underwriter Defendants' scheme enabled certain of them to further capitalize on the artificial inflation in Virata's stock by underwriting the Secondary Offering and receiving substantial fees in connection therewith -- in fact, the amount of disclosed compensation paid was directly tied to Virata's manipulated stock price.

6. In connection with the IPO, Virata filed with the SEC a registration statement ("IPO Registration Statement") and a prospectus ("IPO Prospectus"). The IPO Registration Statement and IPO Prospectus will be, at varying times, collectively referred to hereinafter as the "IPO Registration Statement/Prospectus." The IPO Registration Statement/Prospectus was declared effective by the SEC on or about November 16, 1999.

7. The IPO Registration Statement/Prospectus was materially false and misleading in that it failed to disclose, among other things further described herein, that the IPO Underwriter Defendants had required Tie-in Agreements in allocating shares in the IPO and would receive Undisclosed Compensation in connection with the IPO.

8. In connection with the Secondary Offering, Virata filed with the SEC a registration statement (the "Secondary Offering Registration Statement") and a prospectus (the "Secondary Offering Prospectus"). The Secondary Offering Registration Statement and the Secondary Offering Prospectus will be, at varying times, collectively referred to hereinafter as the "Secondary Offering Registration Statement/Prospectus." The Secondary Offering Registration Statement/Prospectus was declared effective by the SEC on or about July 13, 2000.

9. The Secondary Offering Registration Statement/Prospectus was materially false and misleading in that it misrepresented or failed to disclose, among other things further described herein, that the price at which the Secondary Offering was sold to the public was

artificially inflated and the product of a manipulated market. Also omitted from disclosure in the Secondary Offering Registration Statement/Prospectus was the material fact that the demand for the Secondary Offering was artificially inflated. Specifically, customers of the underwriters named as Defendants herein, in accordance with the Secondary Offering, in order to receive allocations of shares in this IPO and/or other "hot" initial public offerings, were required by these Defendants to purchase shares in the Secondary Offering.

10. As part and parcel of the scheme alleged herein, certain of the underwriters named as Defendants herein also improperly utilized their analysts, who, unbeknownst to investors, were compromised by conflicts of interest, to artificially inflate or maintain the price of Virata stock by issuing favorable recommendations in analyst reports.

JURISDICTION

11. This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Securities Exchange Act of 1934 (the "Exchange Act") (15 U.S.C. § 78aa) and 28 U.S.C. § 1331.

12. Plaintiff brings this action pursuant to Section 10(b) of the Exchange Act as amended (15 U.S.C. § 78j(b)), and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5). Venue is proper in this District as the underwriters named as Defendants herein have offices in this District, conduct business in this District and many of the wrongful acts engaged in by all Defendants and alleged herein took place or originated in this District.

13. In connection with the acts alleged in the Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not

limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

PLAINTIFF

14. Plaintiff Barry J. Agranat ("Plaintiff") purchased or otherwise acquired shares of Virata common stock in the open market or otherwise during the Class Period, at prices that were artificially inflated by Defendants' conduct and was damaged thereby.

DEFENDANTS

THE UNDERWRITER DEFENDANTS

15. Plaintiff hereby incorporates by reference the "Underwriter Defendants" section of the Master Allegations, as if set forth herein at length.

16. The following investment banking firms acted in the following capacities with respect to the IPO and substantially participated in the unlawful conduct alleged herein:

POSITION

NAME OF UNDERWRITER

LEAD MANAGER

CSFB

CO-MANAGERS

UBS Warburg (as successor-in-interest to Dillon Read)

Dillon Read

Weisel

SYNDICATE MEMBERS

Banc of America

Robertson Stephens (as successor-in-interest to BancBoston)

BancBoston

RBC Dain Rauscher (as successor-in-interest to Dain Rauscher)

Dain Rauscher

Morgan Stanley

Piper Jaffray

17. The Defendants identified in the preceding paragraph will be, at varying times, collectively referred to hereinafter as the "IPO Underwriter Defendants."

18. The following investment banking firms acted in the following capacities with respect to the Secondary Offering and substantially participated in the wrongs alleged herein:

<u>POSITION</u>	<u>NAME OF UNDERWRITER</u>
LEAD MANAGER	CSFB
CO-MANAGERS	UBS Warburg (as successor-in-interest to Dillon Read)
	Dillon Read
	Robertson Stephens (formerly known as FleetBoston)
	Weisel
SYNDICATE MEMBERS	Banc of America
	RBC Dain Rauscher (as successor-in-interest to Dain Rauscher)
	Dain Rauscher

19. The Defendants identified in the preceding paragraph will be, at varying times, collectively referred to hereinafter as the "Secondary Offering Underwriter Defendants."

Collectively, the IPO Underwriter Defendants and the Secondary Offering Underwriter Defendants, will be, at varying times, referred to hereinafter as the "Underwriter Defendants."

ADDITIONAL PERSON – THE ISSUER

20. At the time of the Offering, Virata was a Delaware corporation with its principal executive offices located in Santa Clara, California. Virata is described in the Registration Statement/Prospectus as a provider of "communications processors combined with integrated software modules to manufacturers of equipment utilizing digital subscriber line, or DSL, technologies." On or about December 17, 2001, pursuant to an Agreement and Plan of Merger, Virata merged with Globespan, Inc. and formed Globespan Virata, Inc.

CLASS ACTION ALLEGATIONS

21. Plaintiff brings this action as a class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of a class consisting of all persons and entities who purchased or otherwise acquired the common stock of the Issuer during the Class Period and were damaged thereby (the "Class"). Excluded from the Class are Defendants herein, Defendants' legal counsel any entity in which any of the Defendants has a controlling interest, and the legal representatives, heirs, successors or assigns of any of the Defendants.

22. Members of the Class are so numerous that joinder of all members is impracticable.

(a) Millions of shares of common stock were sold in the Offerings, and the stock was actively traded during the Class Period; and

(b) While the exact number of Class members is unknown to the Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there

are hundreds, if not thousands, of Class members who purchased or otherwise acquired the Issuer's common stock during the Class Period.

23. Plaintiff's claims are typical of the claims of the other members of the Class. Plaintiff and the other members of the Class have sustained damages because of Defendants' unlawful activities alleged herein. Plaintiff has retained counsel competent and experienced in class and securities litigation and intends to prosecute this action vigorously. The interests of the Class will be fairly and adequately protected by Plaintiff. Plaintiff has no interests that are contrary to or in conflict with those of the Class which Plaintiff seeks to represent.

24. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy. Plaintiff knows of no difficulty to be encountered in the management of this action that would preclude its maintenance as a class action. Furthermore, since the damages suffered by individual members of the Class may be relatively small, the expense and burden of individual litigation make it economically impracticable for the members of the Class to seek redress individually for the wrongs they have suffered.

25. The names and addresses of the record purchasers of the Issuer's common stock are available from the Issuer, its agents, and the underwriters who sold and distributed the Issuer's common stock in the IPO and Secondary Offering. Notice can be provided to Class members via a combination of published notice and first class mail using techniques and forms of notice similar to those customarily used in class actions arising under the federal securities laws.

26. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) Whether the federal securities laws were violated by Defendants' misconduct as alleged herein;
- (b) Whether the IPO Registration Statement/Prospectus omitted and/or misrepresented material facts;
- (c) Whether the Secondary Offering Registration Statement/Prospectus omitted and/or misrepresented material facts;
- (d) Whether Defendants participated in the course of conduct complained of herein;
- (e) Whether Defendants acted with scienter; and
- (f) Whether the members of the Class have sustained damages as a result of Defendants' conduct, and the proper measure of such damages.

SUBSTANTIVE ALLEGATIONS

27. Plaintiff hereby incorporates by reference the "Introductory" section of the Master Allegations, as if set forth herein at length. Plaintiff also adopts and incorporates herein by reference the allegations set forth in the Master Allegations that specifically relate to each of the Underwriter Defendants as if set forth at length.

THE IPO

28. Virata's IPO of 5,000,000 shares was priced at \$14.00 on or about November 16, 1999. The sale and distribution of this firm commitment offering was effected by an

underwriting syndicate consisting of, among others, the IPO Underwriter Defendants.

Additionally, Virata granted the underwriting syndicate an option to purchase a maximum of 750,000 additional shares at the initial offering price less underwriting discounts and commissions.

29. On the day of the IPO, the price of Virata common stock shot up dramatically, trading as high as \$38.00 per share, or more than 171% above the IPO price on substantial volume. This "impressive" debut however, was not the result of normal market forces; rather, it was the result of Defendants' unlawful practices more fully described herein.

30. The unlawful practices continued during the Class Period as the price of Virata rose dramatically. Virata reached a Class Period high of \$222.00 per share, or more than 1,485% above the IPO price.

UNLAWFUL CONDUCT IN CONNECTION WITH THE IPO

31. Consistent with their conduct in other initial public offerings, as set forth in the Master Allegations, the IPO Underwriter Defendants engaged in manipulative and/or other unlawful practices described more fully herein in connection with the Virata IPO.

32. Customers of each of the IPO Underwriter Defendants, as a condition to obtaining an allocation of stock in the IPO, were required or induced to enter into Tie-in Agreements and/or pay Undisclosed Compensation.

THE IPO REGISTRATION STATEMENT/PROSPECTUS WAS MATERIALLY FALSE AND MISLEADING

33. In conducting the IPO, the IPO Underwriter Defendants violated Regulation M promulgated pursuant to the Exchange Act. Rule 101(a) of Regulation M reads as follows:

Unlawful Activity. In connection with a distribution of securities, it shall be unlawful for a distribution participant or an affiliated purchaser of such person, directly or indirectly, to bid for, purchase, or attempt to induce any person to bid for or purchase, a covered security during the applicable restricted period.

17 C.F.R § 242.101.

34. As explained by the SEC's Staff Legal Bulletin No. 10, dated August 25, 2000, tie-in agreements violate Regulation M:

Tie-in agreements are a particularly egregious form of solicited transactions prohibited by Regulation M. As far back as 1961, the Commission addressed reports that certain dealers participating in distributions of new issues had been making allotments to their customers only if such customers agreed to make some comparable purchase in the open market after the issue was initially sold. The Commission said that such agreements may violate the anti-manipulative provisions of the Exchange Act, particularly Rule 10b-6 (which was replaced by Rules 101 and 102 of Regulation M) under the Exchange Act, and may violate other provisions of the federal laws.

Solicitations and tie-in agreements for aftermarket purchases are manipulative because they undermine the integrity of the market as an independent pricing mechanism for the offered security. Solicitations for aftermarket purchases give purchasers in the offering the impression that there is a scarcity of the offered securities. This can stimulate demand and support the pricing of the offering. Moreover, traders in the aftermarket will not know that the aftermarket demand, which may appear to validate the offering price, has been stimulated by the distribution participants. Underwriters have an incentive to artificially influence aftermarket activity because they have underwritten the risk of the offering, and a poor aftermarket performance could result in reputational and subsequent financial loss. (Emphasis added).

35. In particular, the IPO Registration Statement/Prospectus stated:

The representatives may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids in

accordance with Regulation M under the Securities Exchange Act of 1934, as amended.

- Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position.
- Stabilizing transactions permit bids to purchase shares of the common stock so long as the stabilizing bids do not exceed a specified maximum.
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the common stock to be higher than it would otherwise be in the absence of these transactions. These transactions may be effected on The Nasdaq Stock Market's National Market or otherwise and, if commenced, may be discontinued at any time.

36. The statements contained in the previous paragraph were materially false and misleading because the IPO Underwriter Defendants required customers to commit to Tie-in Agreements and created the false appearance of demand for the stock at prices in excess of the IPO price and in violation of Regulation M. At no time did the IPO Registration Statement/Prospectus disclose that the IPO Underwriter Defendants would require their customers seeking to purchase IPO shares to engage in transactions causing the market price of Virata common stock to rise, in transactions that cannot be characterized as stabilizing transactions, over-allotment transactions, syndicate covering transactions or penalty bids.

37. Because the Undisclosed Compensation was, in reality, underwriter compensation, it was required to be disclosed in the IPO Registration Statement/Prospectus. As Regulation S-K, Item 508 (e) provides:

Underwriter's Compensation. Provide a table that sets out the nature of the compensation and the amount of discounts and commissions to be paid to the underwriter for each security and in total. The table must show the separate amounts to be paid by the company and the selling shareholders. **In addition, include in the table all other items considered by the National Association of Securities Dealers to be underwriting compensation for purposes of that Association's Rules of Fair Practice.** (Emphasis added).

38. The NASD specifically addresses what constitutes underwriting compensation in NASD Conduct Rule 2710(c)(2)(B) (formerly Article III, Section 44 of the Association's Rules of Fair Practice):

For purposes of determining the amount of underwriting compensation, all items of value received or to be received from any source by the underwriter and related persons which are deemed to be in connection with or related to the distribution of the public offering as determined pursuant to subparagraphs (3) and (4) below shall be included. (Emphasis added).

39. NASD Conduct Rule 2710(c)(2)(c) specifically requires:

If the underwriting compensation includes items of compensation in addition to the commission or discount disclosed on the cover page of the prospectus or similar document, a footnote to the offering proceeds table on the cover of the prospectus or similar document shall include a cross-reference to the section on underwriting or distribution arrangements.

40. Contrary to applicable law, the Registration Statement/Prospectus did not set forth, by footnote or otherwise, the Undisclosed Compensation.

41. Instead, the IPO Registration Statement/Prospectus misleadingly stated that the underwriting syndicate would receive as compensation an underwriting discount of \$0.98 per share, or a total of \$4,900,000, based on the spread between the per share proceeds to Virata (\$13.02) and the Offering price to the public (\$14.00 per share). This disclosure was materially false and misleading as it misrepresented underwriting compensation by failing to include Undisclosed Compensation.

42. In addition, the IPO Registration Statement/Prospectus stated:

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus [\$14.00] and to selling group members at that price less a concession...

43. The IPO Registration Statement/Prospectus was materially false and misleading in that in order to receive share allocations from the IPO Underwriter Defendants in the Virata IPO, customers were required to pay an amount in excess of the IPO price in the form of Undisclosed Compensation and/or Tie-in Agreements.

44. NASD Conduct Rule 2330(f) further prohibits an underwriter from sharing directly or indirectly in the profits in any account of a customer:

[N]o member or person associated with a member shall share directly or indirectly in the profits or losses in any account of a customer carried by the member or any other member.

45. The IPO Underwriter Defendants' scheme was dependent upon customers obtaining substantial profits by selling share allocations from the IPO and paying a material portion of such profits to the IPO Underwriter Defendants. In this regard, the IPO Underwriter Defendants shared in their customers' profits in violation of NASD Conduct Rule 2330(f).

46. The failure to disclose the IPO Underwriter Defendants' unlawful profit-sharing arrangement as described herein, rendered the IPO Registration Statement/Prospectus materially false and misleading.

47. NASD Conduct Rule 2440 governs Fair Prices and Commissions and, in relevant part, provides that a member:

shall not charge his customer more than a fair commission or service charge, taking into consideration all relevant circumstances, including market conditions with respect to such security at the time of the transaction, the expense of executing the order and the value of any service he may have rendered by reason of his experience in and knowledge of such security and market therefor.

48. Guideline IM-2440 of the NASD states, in relevant part:

It shall be deemed a violation of . . . Rule 2440 for a member to enter into any transaction with a customer in any security at any price not reasonably related to the current market price of the security or to charge a commission which is not reasonable. . . . A mark-up of 5% or even less may be considered unfair or unreasonable under the 5% policy.

49. The IPO Registration Statement/Prospectus was materially false and misleading due to its failure to disclose the material fact that the IPO Underwriter Defendants were charging customers commissions that were unfair, unreasonable, and excessive as consideration for receiving allocations of shares in the IPO.

MARKET MANIPULATION THROUGH THE USE OF ANALYSTS

50. As demonstrated in the "Use of Analysts" section of the Master Allegations, in furtherance of their manipulative scheme, IPO Underwriter Defendants CSFB, UBS Warburg (Dillon Read), Banc of America and Weisel improperly used their analysts who suffered from

conflicts of interest, to issue glowing research reports and positive recommendations at or about the expiration of the "quiet period" so as to manipulate the Issuer's aftermarket stock price.

51. On December 13, 1999, just after the expiration of the "quiet period" with respect to the Virata IPO, CSFB and Weisel each initiated coverage with a "buy" recommendation. CSFB stated that its 12-month price target was \$50.00 per share. As of that date, Virata common stock was trading at \$34.25 per share. On January 3, 2000, UBS Warburg (Dillon Read) issued a "buy" recommendation and set a price target of \$44.00 per share. On January 27, 2000, UBS Warburg (Dillon Read) raised its recommendation to a "strong buy" and set a 12-month price target of \$105.00 per share. On the day prior to the issuance of this report, Virata common stock traded as low as \$43.375, whereas on the day that the report was issued, the stock traded as high as \$63.125, an increase of 45%.

52. On February 15, 2000, CSFB reiterated its "buy" rating. On March 23, 2000, Banc of America rated Virata a new "strong buy" with a 12-month price target of \$275 per share (the previous day, Virata stock had closed at \$135.125), and reiterated this recommendation on April 27, 2000, on June 6, 2000, and again on July 10, just three days before the Secondary Offering. In reiterating its "strong buy" recommendation on July 10, 2000, Banc of America set a price target of \$150 per share. The previous day, Virata common stock had closed at \$58.50 per share (reflecting a 2:1 stock split in May, 2000).

53. The price targets set forth in such reports were materially false and misleading as they were based upon a manipulated price.

UNLAWFUL CONDUCT IN CONNECTION WITH THE SECONDARY OFFERING

54. Consistent with their conduct in other secondary (or add-on) offerings as set forth in the "Secondary (or Add-On) Offerings" section of the Master Allegations, the Secondary Offering Underwriter Defendants engaged in unlawful practices described more fully herein in connection with the Secondary Offering.

THE SECONDARY OFFERING

55. On or about July 13, 2000, an additional 6,500,000 shares of Virata were sold in the Secondary Offering at \$71.00 per share (a dramatic 407% premium above the \$14.00 per share IPO price) pursuant to the materially false and misleading Secondary Offering Registration Statement/Prospectus.

56. The Secondary Offering Registration Statement/Prospectus stated that "[t]he last reported sale price of our common stock on the Nasdaq National Market on July 12, 2000 was \$71.06 per share." This statement was materially false and misleading in that it failed to disclose that the stock's market price and the price at which the Secondary Offering was sold to the public were artificially inflated and the product of a manipulated market. As set forth above, the IPO Underwriter Defendants had required customers to agree to Tie-in Agreements and/or pay Undisclosed Compensation, thereby artificially inflating the price of Virata's common stock in the aftermarket.

57. Also omitted from disclosure in the Secondary Offering Registration Statement/Prospectus was the material fact that demand for the Secondary Offering was artificially inflated. As set forth herein, customers of certain Underwriter Defendants were

required to make purchases of shares in the Secondary Offering in order to receive allocations of shares in the Virata IPO and/or other "hot" initial public offerings underwritten by such Defendants.

58. As demonstrated in the "Use of Analysts" section of the Master Allegations, in furtherance of their manipulative scheme, Robertson Stephens (FleetBoston), Banc of America and RBC Dain Rauscher (Dain Rauscher) improperly used their analysts, who suffered conflicts of interest, to help support the market following the Secondary Offering.

59. Immediately following the Secondary Offering, Robertson Stephens (FleetBoston) rated Virata a "buy" on July 27, 2000. RBC Dain Rauscher (Dain Rauscher) followed suit, rating Virata a "strong buy" on August 4, 2000 with a price target of \$126 per share. On the same date, Banc of America reiterated its "strong buy" rating and \$150 price target. On August 3, 2000, Virata common stock had closed at \$62.25 per share.

60. The price targets set forth in such reports were materially false and misleading as they were based upon a manipulated price.

THE END OF THE CLASS PERIOD

61. On December 6, 2000, The Wall Street Journal published an article concerning an investigation of various improper initial public offering practices.

DEFENDANTS' UNLAWFUL CONDUCT
ARTIFICIALLY INFLATED THE PRICE OF THE ISSUER'S STOCK

62. Defendants' conduct alleged herein had the effect of inflating the price of the Issuer's common stock above the price that would have otherwise prevailed in a fair and open market throughout the Class Period.

VIOLATIONS OF THE EXCHANGE ACT

APPLICABILITY OF PRESUMPTION OF RELIANCE:
FRAUD-ON-THE-MARKET DOCTRINE

63. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

(a) Defendants named under Claims brought pursuant to the Exchange Act made public misrepresentations or failed to disclose material facts during the Class Period regarding the Issuer as alleged herein;

(b) The omissions and misrepresentations were material;

(c) Following the IPO and continuing throughout the Class Period, the Issuer's stock was traded on a developed national stock exchange, namely the NASDAQ National Market, which is an open and efficient market;

(d) The Issuer filed periodic reports with the SEC;

(e) The Issuer was followed by numerous securities analysts;

(f) The market rapidly assimilated information about the Issuer which was publicly available and communicated by the foregoing means and that information was promptly reflected in the price of the Issuer's common stock; and

(g) The misrepresentations and omissions and the manipulative conduct alleged herein would tend to induce a reasonable investor to misjudge the value of the Issuer's common stock.

THE UNDERWRITER DEFENDANTS ACTED WITH SCIENTER

64. As alleged herein, the Underwriter Defendants acted with scienter in that they:

- (a) knowingly or recklessly engaged in acts and practices and a course of conduct which had the effect of artificially inflating the price of the Issuer's common stock in the aftermarket;
- (b) knowingly or recklessly disregarded that the IPO Registration Statement/Prospectus as set forth herein was materially false and misleading; (c) knowingly or recklessly disregarded that the Secondary Offering Registration Statement/Prospectus as set forth herein was materially false and misleading; and/or (d) knowingly or recklessly misused their analysts in connection with analyst reports.

65. In addition, each of the Underwriter Defendants violated the federal securities laws as they sold the Issuer's shares in and/or after the Offerings and/or recommended the Issuer's stock while in possession of material, non-public information which they failed to disclose.

66. The Underwriter Defendants knew from their direct participation in the manipulation of the IPO, or recklessly disregarded as a result of their experience with other manipulated offerings as set forth in the "Matrix" section of the Master Allegations, that the manipulations alleged herein were taking place with respect to the IPO and were not disclosed in the Registration Statements and Prospectuses issued in connection with the Offerings or elsewhere during the Class Period.

67. As required by NASD Conduct Rule 3010(c), each of the IPO Underwriter Defendants had in place compliance procedures so as to better inform itself whether it was acting in the unlawful manner alleged herein.

68. Senior management of each of the Underwriter Defendants had regular access to and received timely written reports tracking the account activity of each of its customers. By comparing the ratio of brokerage firm commission income per account with the amount of dollars invested by such account that received allocations of shares in the IPO, senior management knew, or was reckless in not knowing, that such commissions were disproportionately high relative to that customer's total investment and imposed on management a duty of inquiry as is customary in the industry. Such inquiry would have revealed the illegal practices described herein. Any failure to conduct such inquiry was, at the very least, reckless and further demonstrates that the Underwriter Defendants knew or recklessly disregarded the misconduct alleged herein.

69. Certain of the Underwriter Defendants also had the motive and opportunity to engage in the wrongful conduct described herein for the following reasons, among others:

(a) Such conduct increased the likelihood that the Issuer would retain certain of the IPO Underwriter Defendants to undertake future investment banking services such as public offerings of equity or debt securities, financial consulting, and possible future acquisitions, thus permitting the IPO Underwriter Defendants to receive additional fees in connection with those services. Specifically, in this regard, IPO Underwriter Defendants CSFB, UBS Warburg (Dillon Read), Weisel, Banc of America, Robertson Stephens, and RBC Dain Rauscher (Dain Rauscher), were retained to underwrite the Secondary Offering. The Secondary Offering resulted

in \$23,430,000 in disclosed underwriter compensation. Thus, in a period of less than eight months, the Offerings resulted in disclosed compensation of in excess of \$28 million.

(b) In addition, UBS Warburg (Dillon Read) served as Virata's financial advisor in connection with its February 10, 2000 stock-for-stock acquisition of D2 Technologies, Inc., which had an announced value of \$90 million. UBS Warburg (Dillon Read) received substantial fees in connection with its advisory role. Furthermore, CSFB served as Virata's financial advisor in connection with its August 22, 2000 stock-for-stock acquisition of Excess Bandwidth Corp., which was valued at \$385 million. In that deal, Weisel served as the target's financial advisor. Both CSFB and Weisel received substantial fees for their services. (See also "Additional Investment Banking Business" section of the Master Allegations).

(c) Such conduct increased the likelihood of attracting the business of new issuers for the underwriting of initial and secondary public offerings, as well as debt and convertible offerings, and related investment banking fees, while simultaneously sustaining and/or enhancing their reputations as investment banks. (See "Attracting New Investment Banking Clients" section of the Master Allegations).

(d) The Undisclosed Compensation of the IPO Underwriter Defendants was directly proportional to the amount of the aftermarket price increase achieved by the manipulative scheme as their customers were required to pay a percentage of their profits. The larger the profits, the greater the payment. (See "Maximizing Undisclosed Compensation" section of the Master Allegations).

(e) Certain of the Underwriter Defendants' analysts were motivated to and did issue favorable recommendations for companies they covered because their compensation was, at

least in part, tied to the amount of investment banking fees received by their respective firms in connection with financial services provided to such companies. (See "Analyst Compensation" section of the Master Allegations).

(f) Certain of the Underwriter Defendants' analysts were further motivated to and did issue favorable recommendations because they personally owned pre-IPO stock in companies they were recommending. (See "Personal Investments of Analysts" section of the Master Allegations).

(g) CSFB was further motivated by the fact that, according to the IPO Registration Statement/Prospectus, entities affiliated with New Enterprise Associates (an entity that has a member on Virata's Board of Directors, Peter T. Morris), owned approximately 1,309,440 shares, representing 9% of the outstanding shares of Virata before the IPO (and 6.7% of the outstanding shares after the IPO). New Enterprise Associates also acquired 766,833 of the Issuer's Series B shares, 5,582,978 of the Issuer's Series D shares and 343,275 of the Issuer's bridge notes prior to the IPO. Frank Quattrone ("Quattrone"), the head of CSFB's High Technology Venture Group, was an investor in New Enterprise Associates. Consequently, Quattrone saw the market value of his investments skyrocket as a result of the manipulation, misrepresentation and non-disclosure alleged herein.

FIRST CLAIM

(FOR VIOLATIONS OF SECTION 10(b) AND RULE 10b-5

**THEREUNDER AGAINST THE IPO UNDERWRITER DEFENDANTS
BASED UPON DECEPTIVE AND MANIPULATIVE PRACTICES
IN CONNECTION WITH THE IPO)**

70. Plaintiff repeats and realleges the allegations set forth above as though fully set forth herein.

71. This Claim is brought pursuant to Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, on behalf of Plaintiff and other members of the Class against the IPO Underwriter Defendants. This Claim is based upon the deceptive and manipulative practices of the IPO Underwriter Defendants.

72. During the Class Period, the IPO Underwriter Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (a) deceive the investing public, including Plaintiff and other members of the Class by means of material misstatements and omissions, as alleged herein; (b) artificially inflate and maintain the market price and trading volume of the Issuer's common stock; and (c) induce Plaintiff and other members of the Class to purchase or otherwise acquire the Issuer's common stock at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, the IPO Underwriter Defendants took the actions set forth herein.

73. The IPO Underwriter Defendants employed devices, schemes, and artifices to defraud and/or engaged in acts, practices and a course of business which operated as a fraud and deceit upon the Plaintiff and other members of the Class in an effort to inflate and artificially maintain high market prices for the Issuer's common stock in violation of Section 10(b) of the Exchange Act and Rule 10b-5. The IPO Underwriter Defendants are sued as primary participants in the unlawful conduct charged herein.

74. The IPO Underwriter Defendants, individually and in concert, directly and indirectly, by the use of means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal their unlawful practices and course of business which operated as a fraud and deceit upon Plaintiff and other members of the Class.

75. The IPO Underwriter Defendants had actual knowledge of or recklessly disregarded the existence of the Tie-in Agreements, the requirement that customers pay Undisclosed Compensation and the manipulations alleged herein.

76. Each of the IPO Underwriter Defendants held itself out as an NASD member and was required to observe high standards of commercial honor and just and equitable principles of trade (NASD Conduct Rule 2110). The IPO Underwriter Defendants owed to Plaintiff and other members of the Class the duty to conduct the IPO and the trading of the Issuer's common stock in a fair, efficient and unmanipulated manner.

77. By virtue of the foregoing, the IPO Underwriter Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5.

78. As a result of the manipulative conduct set forth herein, Plaintiff and other members of the Class purchased or otherwise acquired the Issuer's common stock during the Class Period at artificially inflated prices and were damaged thereby.

SECOND CLAIM

**(FOR VIOLATIONS OF SECTION 10(b) AND RULE 10b-5
THEREUNDER AGAINST THE SECONDARY OFFERING UNDERWRITER
DEFENDANTS BASED UPON DECEPTIVE PRACTICES
IN CONNECTION WITH THE SECONDARY OFFERING)**

79. Plaintiff repeats and realleges the allegations set forth above as though fully set forth herein.

80. This Claim is brought pursuant to Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, on behalf of Plaintiff and other members of the Class who purchased or otherwise acquired the Issuer's common stock in or after the Secondary Offering against the Secondary Offering Underwriter Defendants. This Claim is based upon the deceptive practices of the Secondary Offering Underwriter Defendants.

81. The Secondary Offering Underwriter Defendants carried out a plan, scheme and course of conduct which was intended to and did: (a) deceive the investing public, including Plaintiff and other members of the Class by means of material misstatements and omissions, as alleged herein; (b) artificially inflate and maintain the market price and trading volume of the Issuer's common stock; and (c) induce Plaintiff and other members of the Class to purchase or otherwise acquire the Issuer's common stock at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, the Secondary Offering Underwriter Defendants took the actions set forth herein.

82. The Secondary Offering Underwriter Defendants employed devices, schemes, and artifices to defraud and/or engaged in acts, practices and a course of business which operated as a fraud and deceit upon Plaintiff and other members of the Class in an effort to artificially inflate

and maintain high market prices for the Issuer's common stock in violation of Section 10(b) of the Exchange Act and Rule 10b-5. The Secondary Offering Underwriter Defendants are sued as primary participants in the unlawful conduct charged herein.

83. The Secondary Offering Underwriter Defendants, individually and in concert, directly and indirectly, by the use of means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal their unlawful practices and course of business which operated as a fraud and deceit upon Plaintiff and other members of the Class.

84. The Secondary Offering Underwriter Defendants had actual knowledge of or recklessly disregarded the material fact that demand for the Secondary Offering was artificially inflated, due, in large part, to the requirement of these defendants that customers could only obtain allocations in hot initial public offerings by purchasing shares in the Secondary Offering.

85. Each of the Secondary Offering Underwriter Defendants held itself out as an NASD member and was required to observe high standards of commercial honor and just and equitable principles of trade (NASD Conduct Rule 2110). The Secondary Offering Underwriter Defendants owed to Plaintiff and other members of the Class the duty to conduct the Secondary Offering and the trading of the Issuer's common stock in a fair, efficient and unmanipulated manner.

86. By virtue of the foregoing, the Secondary Offering Underwriter Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5.

87. As a result of the deceptive conduct set forth herein, Plaintiff and other members of the Class purchased or otherwise acquired the Issuer's common stock during the Class Period

without knowledge of the fraud alleged herein at artificially inflated prices and were damaged thereby.

THIRD CLAIM

**(FOR VIOLATIONS OF SECTION 10(b) AND RULE 10b-5
THEREUNDER AGAINST THE UNDERWRITER DEFENDANTS
BASED UPON MATERIALLY FALSE AND MISLEADING
STATEMENTS AND OMISSIONS OF MATERIAL FACTS)**

88. Plaintiff repeats and realleges the allegations set forth above as though fully set forth herein.

89. This Claim is brought pursuant to Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, on behalf of Plaintiff and other members of the Class who purchased or otherwise acquired the Issuer's common stock during the Class Period against the Underwriter Defendants. This Claim is based upon materially false and misleading statements and omissions of material facts.

90. Each of the Underwriter Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices and a course of business which operated as a fraud and deceit upon Plaintiff and other members of the Class in violation of Section 10(b) of the Exchange Act and Rule 10b-5.

91. During the Class Period, the Underwriter Defendants: (a) deceived the investing public, including Plaintiff and other members of the Class, as alleged herein; (b) artificially inflated and maintained the market price of and demand for the Issuer's common stock; and (c) induced Plaintiff and other members of Class to purchase or otherwise acquire the Issuer's stock

at artificially inflated prices. In furtherance of this unlawful course of conduct, the Underwriter Defendants took the actions set forth herein.

92. The Underwriter Defendants, directly and indirectly, by the use of means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal material information as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon Plaintiff and other members of the Class.

93. The Underwriter Defendants, either directly or through their designated representatives, prepared and reviewed the IPO Registration Statement/ Prospectus and/or the Secondary Offering Registration Statement/Prospectus for those Offerings in which they served as underwriters. In addition, the Underwriter Defendants had access to drafts of said documents prior to their filing with the SEC and the dissemination to the public.

94. The material misrepresentations and/or omissions were made knowingly or recklessly and for the purpose and effect of, *inter alia*: (a) securing and concealing the Tie-in Agreements; (b) securing and concealing the Undisclosed Compensation; (c) concealing that the price and demand for the Secondary Offering was artificially inflated; and/or (d) concealing that certain of the Underwriter Defendants and their analysts who reported on the Issuer's stock had material conflicts of interest.

95. As a result of making affirmative statements in the IPO Registration Statement/Prospectus, the Secondary Offering Registration Statement/Prospectus or otherwise, or participating in the making of such affirmative statements, the Underwriter Defendants had a duty to speak fully and truthfully regarding such representations and to promptly disseminate any

other information necessary to make the statements made, in the light of the circumstances in which they were made, not misleading.

96. The Underwriter Defendants also had a duty to disclose the material, non-public information complained of herein or to abstain from selling the Issuer's common stock in the IPO, the Secondary Offering, and/or trading or recommending the Issuer's stock in the aftermarket while in possession of such information.

97. By reason of the foregoing, the Underwriter Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

98. As a result of the dissemination of materially false and misleading information described above, Plaintiff and other members of the Class purchased or otherwise acquired the Issuer's common stock during the Class Period without knowledge of the fraud alleged herein at artificially inflated prices and were damaged thereby.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, individually and on behalf of the Class, prays for judgment as follows:

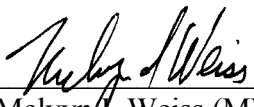
- A. Declaring this action to be a class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure and certifying Plaintiff as a representative of the Class and his counsel as class counsel;
- B. Awarding damages to Plaintiff and the Class;
- C. Awarding Plaintiff and the Class prejudgment and post-judgment interest, as well as reasonable attorneys' and experts' witness fees and other costs; and
- D. Awarding such other and further relief as this Court may deem just and proper.

JURY DEMAND


Plaintiff demands a trial by jury.

DATED: June 17, 2002

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