

Interview with Brandon Abbey, [Escrow.com](http://www.escrow.com)

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Michael Cyger: Hey everyone. My name is Michael Cyger, and I'm the publisher of DomainSherpa.com - the website where you come to learn how to become a successful domain name entrepreneur directly from the experts. The Internet can be a scary place. Everyday I'm scared that my mom is going to click on one of those spam emails that she receives. She's got a soft heart, and I'm sure she wants to help out the Nigerian prince's father that's locked up in prison. What's a few thousand dollars to free a king when she'll get it back in tenfold a few days later, right? But when you need to process online transactions, like a buy or sale of a domain name, and you want it to be safe and secure, especially when it crosses International country lines, you need a legal service called escrow. Joining us to tell us more about how escrow can be used in both, straightforward and not so straightforward ways, is Brandon Abbey. Brandon is the president of Escrow.com - an online escrow service that reduces the risk of fraud in many types of transactions, including domain names, collectibles, electronics, and automobiles. Escrow.com has been named DomainNameWire.com's top domain escrow service for at least the past four years in a row according to my research. And, as of yesterday, they hit one billion dollars in transactions. Brandon, welcome to the show.

Brandon Abbey: Thank you, Mike. It's a pleasure to be here.

Michael: I want to start off by saying, Brandon, that there are many domain name escrow companies out there. You're aware of them. You know, Sedo, Escrow DNS, Moniker.com, Afternic, Mini Escrow; tons of them. There's probably like more that I couldn't even find. But I want to point out to the audience that when I've sent out requests for information in the past so I could publish resources on DomainSherpa listing escrow companies, their rates - things like that -; it was always Escrow.com that came back with comprehensive and precise answers on time. And so, I just want to start off the show by saying thank you to you, and your team, for doing that, Brandon.

Brandon: Thank you. We appreciate that.

Michael: Alright. Let's start with some basics, Brandon. Get people's minds set around what we're going to talk about for this show. And then we'll move into some more complex domain name escrow questions. Let's start with this: What is escrow in layman's terms?

Brandon: In layman's terms, Escrow is a neutral third party holding funds on behalf of the buyer and seller while they complete a transaction.

Michael: That sounds simple enough.

Brandon: It's pretty simple.

Michael: So, when I used to fight with my sister all the time, and I said, 'I'll give you this, but if you give me that'. And then we'd try to grab something out of each other's hands before the other one could give it. Mom would step in and say, 'Okay. Give them both to me'. And then she would act as that intermediary third party. Get both the items before she hands them to the other party.

Brandon: Yes. Your mom was the escrow agent.

Michael: She was an escrow agent also. Alright. So, how does escrow then apply to domain names in the domain name industry?

Brandon: Well, in the domain space, we hold the funds on behalf of the buyer. Want me to just walk you through a transaction?

Michael: Yeah, that sounds great.

Brandon: Either party can start a transaction on the system. Once both parties have agreed to the terms of the transaction, - and the terms are basically the amount, the domain name, whether or not there's any content involved - there's an inspection period, which is a drop down menu that you can send them; usually with domains, it's one to two days. And when both parties agree, we ask the buyer to fund the escrow. When that's funded, the seller's prompted to transfer the domain to the buyer. Then the buyer has that

inspection period to make sure he has it. Once he has control of the domain and he accepts it, the seller is paid. So it's a pretty simple process explaining it, but on the back end a lot of things go on.

Michael: Yeah, I can imagine. Alright. And so, we talked about it from my perspective, when I wanted something from my sister. The escrow is important because then the interests of both, the buyers and sellers, are protected at all times?

Brandon: Yes. We're an absolutely neutral third party in the transaction.

Michael: Great. And so, I actually want to dig into some of the details around how that transaction happens. Because I know there are a lot of moving parts on the back end that behind the scenes you don't really want the customers to see, but for them to understand it a little bit better, it's going to give them more confidence in the process. And we're going to find out how that all works in detail, and even how you might be able to do an escrow and spread it out over years, so that your expenses of a startup match your income. But first, I want to take a step back, Brandon. From what I can tell in my research, Escrow.com was in 1999, and you became president in about 2004. Is that correct?

Brandon: That is correct.

Michael: How did you first come to know about Escrow.com, and this whole idea of online escrow, which I think Escrow.com was one of the pioneer of?

Brandon: Escrow was one of the pioneers. There were two other companies that started about the same time; My Escrow and Trader Navel. Both of those companies went away in escrow. Escrow kind of became the leader; took over lead position in that. Primarily when we signed the contract with eBay, and that's been a good relationship for us.

Michael: Yeah.

Brandon: When I first found out about escrow was in 2002, and I happened to be with the vice president on the sales floor of the software company doing a

deal with Fidelity Financial. And Fidelity was the parent company of Escrow.com. And when the transaction finally took place, Escrow.com became part of the software company that I was working for and Fidelity got a side write license to the software that we were providing.

Michael: Interesting. Alright. So you came around to know about Escrow.com because of the software company you were working at. And what did you think about it when you went through the process? You know, there's a lot of escrow agents out there. You buy a house; you go through an escrow agent and title company. And they handle that sort of transaction as well. What was unique about it that you liked when you first discovered that Escrow.com was being used?

Brandon: Well, it had nothing to do with real estate for one. And we still do not do real estate. We're licensed as an Internet escrow company for personal property. So, not to say we couldn't do real estate, but it would require getting an additional license that is not what we consider our core company scene. So we're gonna stay in the space for that. But the software company took it over and eventually got in the position where they were going to be acquired by Computer Associates. And Computer Associates didn't want the escrow component to go with them and it was purchased by an investment group here in Orange County that I was familiar with, and they asked me to come in and take over the company at that time in 2004.

Michael: Great. Alright. So let's talk a little bit about Brandon Abbey. Because everyone in the domain name space wants to know what kind of domain names Brandon has. So, tell us. How many domain names do you own, Brandon?

Brandon: I own BrandonAbbey.com.

Michael: That's a good one.

Brandon: I'm not a domainer, and quite honestly, I think if I was a domainer, it would be a severe conflict of interest just because the business we do in the community. And I think that stands with all my employers as well.

Michael: Alright. But you do have your name, BrandonAbbey.

Brandon: I do. Yes.

Michael: Alright. Sounds good. And when you bought BrandonAbbey, did you hand register it, or did you go through Escrow.com?

Brandon: I hand registered it. Through GoDaddy. Actually, Andee Hill did it for me.

Michael: Great. Alright. So all my other questions around domain names become mute. It's really disappointing, Brandon. You know, you're going to have to rethink your policy at Escrow.com. I'm just joking. It's a great policy that keeps everything clear from, you know, your personal business from the business that you're in, and there are no conflict of interests. And I'm a firm believer in that. Alright. So, let me ask you this. Have you bought anything else through Escrow.com? Have you bought a nice Lamourghini, or an old model T, or any other collectibles that you used Escrow.com for?

Brandon: Sure. I bought a lot of cars through Escrow.com.

Michael: Did you? Was it a classic car or a car that you drive around everyday?

Brandon: It's a BMW 840 '97.

Michael: Nice.

Brandon: It's going to be up for sale soon.

Michael: And when you sell it, you can go through Escrow.com again.

Brandon: Exactly. And I'll pick up the fee.

Michael: Alright. So do a lot of employees use Escrow.com on a regular basis to buy things? You know, you're all online. You probably see a lot of transactions. You're probably like myself; I do almost all of my shopping

online nowadays. Is it pretty common place to see employees processing transactions through your service?

Brandon: In some cases. I use it for our services contracts. We're in the process of putting in a new phone system, so we use it for that. We've had some development ; we use it for that.

Michael: Interesting. Oh, so, development work I can understand. Where, you know, you want this much software to be done. And then you set up a schedule that says when you meet these requirements at this point, I'll release this much of the escrow; and at this point, I'll release this much of the escrow; and when you release the completed project, I release the rest of that escrow. Something like that?

Brandon: It's exactly like that. You set up the payment milestone based on components. And once those are completed and accepted by the buyer, the sellers pay.

Michael: How does that work with a phone system?

Brandon: Well, the phone system is, you have the physical phone system, right? And all the hardware that goes along with it. So that payment will be made upon delivery, and then completion of the installation is what triggers the second payment in that transaction.

Michael: Alright. Boy, you're going to make a killing as soon as you figure out how to escrow my monthly payments to Comcast. So they guarantee me uptime service, and they, you know, never seem to deliver it. I should knock on would, because I'm going to lose my Internet during this interview most likely. And I should agree to release the payment every month if my service is a hundred percent uptime, or I would even take ninety-five percent uptime for my cable and everything. So there's an idea for you. I'm not even going to charge you for it, Brandon.

Brandon: Thank you.

Michael: Alright. So, I want to find out how the parent company of Escrow.com. You know, I know Escrow.com is its own legal entity now, but it didn't used to be. It used to be a service. And I think, during our pre-interview call, we talked about EC Services Corporation being the parent company. How did EC Services Corporation actually come to own the Escrow.com domain name?

Brandon: Everything was under Fidelity National Financial. And I don't really have a lot of background in that other than that they did acquire the name, and it was part of the transaction when I went and took over the company.

Michael: So you don't know previously, when Fidelity bought the domain name, who they bought it from and how much they paid for it?

Brandon: No. No, I don't.

Michael: Alright. I couldn't find that either. Alright. And so, the other question that I have for you related to the success of Escrow.com. So many people refer to Escrow.com as sort of the diamond standard. No, that's not the right phrase. What's the phrase? The something standard. The standard for escrow service. I think a lot of companies model theirs after you, which, you know, a lot of people say is a compliment. How much do you attribute the single word premium industry defining keyword domain name, Escrow.com, to the success that you've had at Escrow.com?

Brandon: You know, I think it's important that we have the keyword domain. But when people think of escrow, they think of real estate escrow. So we've done a good job of branding this service, even though the name is not exactly what people think of is the service being. It's kind of funny, because when I came in here, the previous owners of the company had spent a lot of money, and they were thinking about changing the names. And they were going to change it to Panera.com. And, you know, they had a whole big marketing plan, and new logos and everything. Actually I still have those domains; the company still has those domains. But we decided we like the Escrow.com name, and had built a brand around it, and it didn't really make any sense to

try and chance it even though, you know, you could've taken the name at the time and sold it for a considerable amount of money.

Michael: Yeah. Well, you probably still could if you ever decide you want to rebrand.

Brandon: I don't think we're going to rebrand. We're pretty happy where we're at right now.

Michael: Alright, Brandon. You know, I have to say also, your employees must love coming to work everyday. They're guaranteed that they won't be yelled at by you. You're calm; you're cool; you're collective at all times. Are you the chi of the office? You center everybody. Get everybody calm when they're dealing with customers and make sure that they're focused.

Brandon: I do try to do that. I'm not exactly the Zen master, but we do have a nice environment. And actually, our employees; although we do put them through the ringer when they get here. I mean, every employee's been through a background check. They have their fingerprints on file at the state of California. And we do work them pretty hard. We do provide very nice work environments. We have a nice office here in Rancho Santa Margarita. They have a great room to exercise in, or watch TV in, or whatever they want to do.

Michael: Great. Well, it sounds fantastic.

Brandon: Yeah.

Michael: Alright. So let's dig into some of the steps here, Brandon. You know, in the introduction, we talked about the step-by-step process. The first step being - if I remember correctly - that the buyer and seller agree to terms. Is that correct?

Brandon: That is correct.

Michael: Alright. So after registering at Escrow.com, both parties agree to the terms of the transaction. And the terms, you know, you said were how much,

on what, how long is the inspection period; are those the three things? Did I get that correct?

Brandon: Yes.

Michael: And so, is that it for the terms? Do I need to enter in to any other legal contract - legalese - that is in your system?

Brandon: You do enter into a legal binding contract, which are the general escrow instructions, and you agree to that as far as the transaction. So after, if you're the buyer and you started the transaction. You go through, and you put in what you're buying, what the price is, what you're inspection period is. And then at the end of that, you click on I agree to the general escrow instructions. And those include things like, dispute resolution if there is a dispute in the transaction. We will work with the parties for ten days trying to get everything resolved, but if we can't, you have to go to arbitration. And you agree to that.

Michael: Oh, okay. So if I'm the buyer, the seller backs out - doesn't transfer a domain name to me -, they have agreed to enter into arbitration, so I can't sue them.

Brandon: Well, in that case. You know, you may have a contract outside of escrow with the seller, which we don't know about.

Michael: Right.

Brandon: But in that case, if the seller did not transfer the name, we would cancel the transaction. The buyer would be refunded his money.

Michael: So, since this is a legal transaction, and they are saying, 'I am the seller, am entering this transaction'. Is there no reprocutation if they back out?

Brandon: Not in our system; there isn't.

Michael: Not from an escrow prospective. That would need to be in a bysell agreement that I would deal with them.

Brandon: Yes.

Michael: And then that bysell agreement would just say that there will be an escrow; we will use Escrow.com as our agent and agree to their terms.

Brandon: A lot of the contracts would say that.

Michael: Okay. I understand. Alright. So do I, as the buyer or seller, need to have; do you recommend that I have my attorney take a look at the legal terms that I'm agreeing to when I enter into Escrow.com, or is this the kind of thing where, you know, you click the button like you do whenever you're signing up for a website and you never read their terms of service because they're just so long and they're just general?

Brandon: I would say in this case is it's probably like that.

Michael: So it's general types of information saying that I will agree to resolve it through you. And what other information is in the terms that I agree to when I sign up at Escrow.com?

Brandon: You agree not to sell any fire arms, or any weapons, or anything that's illegal. It's just a basic general.

Michael: Alright. I probably also agree to not sue you guys for doing your job. I'm sure you have some sort of indemnity in there.

Brandon: There's an indemnity clause, yes.

Michael: Alright. Okay, so that's the first step. You get the buyer and seller together on your service. They both agree to the terms; the dollar amount, what they're buying, and how long this inspection period would be. And then the next step is that the buyer pays Escrow.com.

Brandon: That's correct.

Michael: Okay. So if I'm buying something for a hundred dollars, I'm going to send my hundred dollars to you. If I send it to you in check, you're going to get the check and you're going to wait the ten days or fifteen days, or however long, for that check to clear.

Brandon: We're going to hold it for ten banking days before it clears.

Michael: Now, what if I send you an International check?

Brandon: We only take checks from US Banks.

Michael: Okay. Because it could take thirty days for an International check to clear. Okay. So you only take US Checks. You wait for them to clear. You actually get the money. There's no chance that a bank can pull the money back.

Brandon: That's correct. Once we tell a seller we have secured funds, we're on the hook for those funds.

Michael: Got it. Alright. And so, you verify that the funds are good. That's one of the key steps in escrow process. Well, you're on the hook for it, just like you said. So, even if the funds aren't good, you're saying, 'I have the money, and I will disperse the money as long as the goods are delivered'.

Brandon: We also take credit cards. And we'll take them up to five thousand dollars.

Michael: Okay. Now that's through a different level of service if I understand correctly.

Brandon: It's our premier service. And basically, if you think about a transaction where you're using a credit card, we're considered the merchant. The credit card company is charging us anywhere from three to four percent based on the type of card you happen to have.

Michael: Right.

Brandon: So if you think of our on a thousand dollar transaction, our standard escrow fee is going to be thirty-two dollars. Premier service using a credit card; we're only paying three percent, so the credit company certainly couldn't charge thirty-two dollars and fifty cents. So that charge would be sixty-three dollars. So we're basically covering the cost.

Michael: Right. And then the transaction, and all that sort of stuff associated with a credit card. Which is a great option, because, you know, whenever I can get points on my credit card, which then goes to air miles, which then goes to more vacations for my family; I'm always trying to put those expenses on a card. So that's great. And can I split it if I come to you and say, 'Here's my credit card. Put five thousand on here, and then I'm going to ACHU or EFT - electronically transfer - the funds to you'? Is that an option under the premier service?

Brandon: We can probably do that. I don't recall anybody asking us to do that. We've seen people, where they've tried to break up transactions into five thousand dollar pops. So they pay each one with a credit card, and we really frown on that.

Michael: Got it.

Brandon: And really, with the credit cards is as a card not present merchant, we're subject so many thousand chargebacks and they immediately take the funds from us. They take it out of our account. We have to replenish the funds, because the trust has to always be in balance. And a few years ago we had a transaction where somebody bought a Louie Vutton purse using a credit card. It was a thousand dollars. They had a weeks inspection period on it. They told us to pay the seller; we paid the seller. Six months later the handles coming loose. They take it down to Louie Vutton to say, you know, fix it, and they found it's a counterfeit. They do a chargeback, and we lose the chargeback. So, we have no way to go after the seller for a thousand bucks. He happened to be overseas.

Michael: Right.

Brandon: We had to lose a thousand dollars, plus our escrow fee, plus the chargeback fee. So we're doing a lot of things generally now that make us more friendly credit company, but right now, if you want to use a credit card, you might not think we're the most easy company to deal with.

Michael: Alright. Okay. So the second step was the buyer pays Escrow.com. You verify the funds are there. The third step is that the seller indicates the domain name transfer process has started. So that's something that you don't necessarily have a hundred percent information of. That's a process that you may have some insights into; you can do a WhoIs lookup. You can, you know maybe get an email from the seller saying, 'I've initiated this process. Here's the proof from my registrar'. But they could be faking it.

Brandon: They could be. I mean, we're not going to lose the buyers funds until they have control of the domain name.

Michael: Okay. So that third step, though, is you prompt the seller. 'I've got the money. Transfer over the domain name'. And then the fourth step is that the domain name registration is transferred by the registrar. So you mentioned earlier you have inspection period that the buyer and the seller agree to. So if somebody actually transfers the domain name to me, it shows up into my account. I get an email. I get notified. But what if I'm traveling? What if I have an emergency come up? What if something happens and what normally is a two day inspection process should be more than ample time if I'm at my computer, if I'm at work suddenly becomes difficult? How does that get handled in the process?

Brandon: Well, you're going to need to notify us if something's going on. And if you have acknowledged that you have control of that domain, and you haven't released payment yet because you want to have your entire two or three days inspection period to do everything, which some people do. You know, there might be a monetary account associated with it that you want to check. But that is a fixed agreement that you have. Remember, I'm just a neutral third party. And whatever the buyer and seller have agreed to, that's what I have to adjudicate to.

Michael: Got it. So I can actually email you and say, 'Customer service at Escrow.com, I had an emergency. I'm going to need to extend my inspection period by a couple of days'.

Brandon: Well, you can't just say you have an emergency. You need to get back to the seller and get his agreement. Because, you know, you guys have already made your agreement that this is the terms of the transaction.

Michael: So I've agreed to the, say, two day inspection period. The seller has transferred it. Now it's my responsibility to figure out if everything is there.

Brandon: Yeah. He's transferred it, and he's said, 'Yes. I have control of it now. It's in my possession'. And if you do nothing, and that inspection period times out, then that closes the transaction.

Michael: Okay. And when you say it closes the transaction, it completes the transaction?

Brandon: Yes, it does.

Michael: Okay. Got it. So, actually, if I'm the buyer I should probably build some padding into my inspection period. I should say, even though it's going to take me an hour to do, maybe I say the inspection period is a week, and I can close out that transaction sooner than the end of the week.

Brandon: You know, most of our domain transactions have a one day inspection period.

Michael: They do?

Brandon: Yeah. I mean, the domain community, for the most part, is very experienced. They know how these transactions work. They know when they have control of the domain.

Michael: Okay.

Brandon: And they know they want that domain, so.

Michael: Right. Alright. So then, you're going to transfer it only when I, as the buyer, say, 'Yes, I received the goods', or when the seller says that they've transferred it and the inspection period comes to a conclusion.

Brandon: Well, the seller can say he transferred it, and it's the buyers responsibility to go in and say, 'Yes, I have it'. And ideally, the buyer should start the inspection period.

Michael: Right.

Brandon: If we can see that the seller has transferred it, that it's in the buyers account, we will start that inspection period.

Michael: Okay. And if I respond back to you that I just don't see it on my side.

Brandon: Then we'll send it back and stuff.

Michael: Okay. Got it. And then, once I actually have - I, as the buyer - the domain name, I verified it. Then I let you know, then you pay the seller.

Brandon: Yes.

Michael: Alright. Sounds like a pretty simple process. Let's see here. So we talked about whether we should have an attorney take a look at your terms and conditions already. And vetting that, and I understand better how I can refer to the escrow process in my bysell agreement, which I would definitely do. Tell me this, Brandon. What's the decision process for a regular person to decide whether or not to use escrow? You know, for example, if I'm going to buy, let's say, a website off of Ebay or Flippa.com, and it is fifteen hundred dollars, it's probably easy to see how using Escrow.com can help. Or using escrow in general. You know, if the transaction is fifteen hundred bucks, it's maybe going to; I don't know. Maybe you know off the top of your head; how much is that escrow going to cost me to use Escrow.com?

Brandon: Fifteen hundred; I don't know off the top of my head.

Michael: Alright. Let's see here. Somewhere around fifty dollars, let's say. Let's just make a ballpark.

Brandon: Yeah.

Michael: So if, let's say, it was fifty dollars for a fifteen hundred dollar transaction, you know, I don't want to lose my fifteen hundred bucks if it's a bad website and I haven't taken a look at it, made sure I got everything I was promised. Fifty dollars is probably a good insurance policy - one way to look at it - to go through the escrow process, would you say?

Brandon: Yes, I would. If I was spending fifteen hundred dollars, I would. I would look at that as an insurance policy to make sure I got what I thought I was buying.

Michael: What if the transaction is two hundred dollars?

Brandon: You know, we do have some customers that send us a lot of transactions for two hundred dollars. Somebody who has a huge portfolio, and they're selling twenty-five names a week or fifty names a week, what we will do for them is we'll set up a transfer account, where each time one of those transactions closes, we take those funds and put them in a separate holding account for them. And when it gets to a certain amount, we'll transfer it, you know, rather than sending a check, or NECH, or wire each time a transaction closes. It's much more cost effective to keep those funds pouring in and once a month send them ten thousand dollars instead of two hundred dollars.

Michael: Right. Alright. Well, that's a great option. So what is that kind of account called?

Brandon: It's a transfer account. We can set that up for anybody who has a lot of transactions.

Michael: A lot of transactions at a lower dollar amount. Great. Alright. So I've heard about other escrow processes that actually take control of the asset

and the funds, sort of like what my mom did in that example at the beginning of the show, and then do the transfer simultaneously. I realize that every escrow company may have a different process. In your case, you don't take control of the domain. The domain isn't transferred to you, and then transferred from Escrow.com to the buyer. Is there a risk to the buyer in this case?

Brandon: I don't think so. I mean, our transactions tend to. Yesterday we had a two hundred and fifty thousand dollar transaction start and close on the same day. So, if you know what you're doing, I don't think there's a risk there.

Michael: Yeah. Okay. So if people want to know, generally, if people haven't used escrow in the past and they want to know how much they're going to have to pay to use an escrow service. You know, clearly, I can't go to every single escrow company online and look up their fees; well, I could and I've tried to do that in the past, and I didn't get anybody's answer except for yours. So, you know, now, I'm going to ask you, Brandon, just to give you some extra promotion. What kind of transactions is somebody going to pay? What kind of transaction fee is somebody going to pay as your different tier levels?

Brandon: Well, a thousand dollars is thirty-two dollars and fifty cents. If you're buying something for twenty thousand dollars, I think the escrow fee is two hundred and one dollars. So it gradually goes down to .89%, and we rarely have issues with our fees. I mean, customers think it's a good value. You know, if you're spending a hundred thousand dollars on some computer equipment, and it's coming from New York and the guy is in Brazil, would you pay eight hundred and ninety dollars to make sure you get it? The answer is 99.9% of the time, yes.

Michael: Right. And why would you want to use escrow on that computer equipment? Why not just buy it with a credit card, and then do a chargeback if they didn't, you know, and fight it with your credit card company if they didn't deliver what they promised?

Brandon: Well, it depends on who you're buying it from and whether or not they can take credit cards. And, you know, the cost of using that credit card is going to be considered as well, and somebody's going to have to take care of that.

Michael: Got it. So if I'm buying from an individual that doesn't take credit cards, this escrow process would be a great option for that.

Brandon: We see a lot of people buy high end vehicles from country to country. Besides we off that, we're doing more in the heavy equipment space right now. You know, some of the bulldozers or tractors and trains; they're, you know, millions of dollars.

Michael: Yeah. Wow. Alright. Let's see. So let me ask you this. I've heard, over and over again, about a domain name investor winning an online auction for a domain, sending payment, and then waiting only to find out that the deal fell through. That the seller actually didn't transfer the domain name. Do you think that auction sites and marketplaces should hold domain names in escrow when in auction or at sale?

Brandon: I think they should certainly do some vetting on their sellers. You know, it could delay the transfer of the whole transaction if they're holding it, but.

Michael: Yeah. So from your opinion, clearly there's a lot of bureaucracy in transferring a domain name from a person to a marketplace or an auction site, or to Escrow.com, and then transferring it on. And you've got delays on each of those, and you've got sixty day delays as well if it goes from registrar to registrar. So tell me why - and I know from my research that Escrow.com does investigate the backgrounds of the sellers; I understand. Maybe the buyers too?

Brandon: We have a profile on everyone, and there are a number of things that we look at in the transaction. You know, each one of our transactions; we view it by two escrow agents prior to the funds going out. So there are a lot of back end things that go on here, and the transactions that are over fifteen thousand dollars all go past a senior manager's desk prior to release.

Michael: Got it. Alright. So let's talk about a more exotic domain name escrow service for a few minutes. I read on Elliot's blog that Marijuana.com was purchased by Weed Maps Media Incorporated for 4.2 million. Then,

Michael Berkens said on his blog, "The down payment was only a hundred and twenty-five thousand dollars. The balance is payable under a promissory note for 4.125 million. The promissory note calls for sixty-nine payments of \$60,658.55 each, starting January 18th of 2012". I bring this up because Escrow.com was actually the escrow company that handled this transaction. Is that correct?

Brandon: Yes, we are handling that transaction.

Michael: Alright. And, how often do transactions like this - where an agreed upon price is made, and then payments are made over a period of time? How often does one of these type of transactions happen? Once a year? Ten times per year?

Brandon: More like fifteen to twenty a month.

Michael: Wow. Okay.

Brandon: Yeah. It's really taken off recently, so.

Michael: Yeah. That's great. And because, you know, if I was a business owner, and I wanted a domain name, and I didn't have all of that money upfront, I could then spread out my expense over time. There's probably some accounting benefit as well by paying it off over time. So is this a standard type of escrow service that you offer?

Brandon: It is now. You can actually start a domain name holding transaction from our website. Wheres before, we had to have personal involvement by one of our staff to, kind of, walk you through it. But you can set up the transaction. Once you agree to the transaction, an internal email is sent off to our department, and they will contact the buyer and seller. Because we do want to get that agreement - the purchase agreement - that they've had, and what the terms and conditions are of it, and what the payment schedule is, and incorporate that into the escrow.

Michael: Got it. So, just like if I were doing a single payment transaction where I'd specify the terms at the beginning, like how much, for what

domain(s), and what my inspection period is. In this case it would be, how much, what domain(s), and what's the payment schedule.

Brandon: Yeah. You put in how many years, or how many months, it is, and agree to it just like you would a regular escrow transaction.

Michael: Got it. Alright. That sounds a lot easier than things I've heard of in the past. So who is actually listed on the WhoIs of that domain name in this type of escrow?

Brandon: It will be privatized in the account that we have.

Michael: Okay. So you actually become the owner. You actually become the registrant of the domain name in escrow.

Brandon: Under privacy protection.

Michael: Under privacy protection. Got it. Alright. And what happens if the buyer misses a payment? Let's say that the payment takes place over four or five years. What happens when the buyer misses a payment?

Brandon: Each one of these contracts have a remedy clause. So if the buyer; you know, say he's two weeks late and gets a notice, and he has, you know, an extra week to get the funds to us. And this, remember, we're just a neutral third party. So whatever they've agreed to as the remedy, we'll accept and we'll act on that. So if the buyer defaults, the domain gets transferred back to the seller. And the seller; say it's two years in, and the seller received fifty thousand dollars on a hundred thousand dollar deal, and the buyer just didn't have the money, yes, that goes back to the seller.

Michael: Wow. Okay. So that's in the standard terms that you provide at Escrow.

Brandon: We do have a domain name holding contract, but we can also take whatever you've worked out with your attorney and incorporate that as well.

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Michael: Got it. Alright. Let's see here. So, if the buyer backs out midway through the process of the transaction, they basically; well, it depends on the terms. But your standard terms; they would basically walk away from anything they paid, and then you transfer the domain name back to the seller.

Brandon: That's correct.

Michael: Okay.

Brandon: And when we've had that happen a number of times.

Michael: You have, or haven't?

Brandon: No, we have.

Michael: You have?

Brandon: Sure.

Michael: Yeah. What happens when a buyer finds another buyer to pay them more for the domain name while it's still in escrow? So let's say I was going to buy a domain name for a hundred thousand dollars. I start making payments. I make two payments of two thousand dollars, let's say. And then somebody approaches me and wants to buy it from me for two hundred thousand dollars. Can I do that transaction, and then balloon payment the rest of what I owe to the seller?

Brandon: Well, you can't sell what you haven't paid for; what you don't own.

Michael: Okay. Because it's in escrow, I don't own it yet.

Brandon: That's correct. You've not met your hundred thousand dollar obligation to the seller. You know, if you can work a deal with that seller, letting him know what your plan is. From my standpoint, if you guys agree on it, I'm okay with it. But we can't take money from another escrow and use it towards another escrow.

Michael: Right. Okay. Am I, as the buyer, allowed to pay off an escrow earlier? Or am I stuck to those payment terms?

Brandon: In most cases, the seller would be happy to get his money.

Michael: Yeah. Yeah. Alright. So if I want to buy a domain name that's, say, twenty-four thousand dollars. And I want a payment schedule of five hundred dollars per month over a four year time period, so that I can spread out my expense to try and match my income, Brandon. What do you need from me, as the buyer?

Brandon: Well, initially, you would agree with the contract. And then when you make the first payment, we would collect our escrow fee and whatever that first payment was. Once we have those funds inhouse, we would get the domain from the seller, put it under our control, and pay the seller. You, the buyer, are putting on your contract; most likely you're going to have access to use that domain. And you tell us where you want DNS pointed and we take care of that for you.

Michael: Great. And do you handle transactions that are twenty-four thousand dollars, or ten thousand dollars, or any number?

Brandon: Well, when we first released this, we had a minimum fee of seventy-five thousand dollars. The more people that are finding out about this, we're getting asked to do transactions for under that. We've established a pricing structure at that seventy-five thousand dollar level, which, I believe, is about twelve hundred dollars. You owe a twelve hundred dollar escrow fee if it's a one year transaction, and five hundred dollar charge for every year on top of that. I think eventually we'll be able to bring that down, and possibly bring the cost down as we do more automation on our end.

Michael: Great. Alright. And so, tell me a little bit about escrow services in general. You know, you mentioned previously that you were licensed to be an escrow agent, or an escrow company, in order to operate. Do all domain name escrow services; are they required to become licensed, and have insurance, and you know, be on the hook for the money if they say that they have the funds and I'm the seller, and I need to then transfer it?

Brandon: I'm not sure what they're required to do. I know that we're required to do it. And we are licensed as an escrow company. And, as an example, for anyone else to provide; we're one of two companies that can provide this service legally in California. And the other one happens to be ELance, but they're services marketplace. And when we acquired the company, we did not have a license in Arizona. The prior owners had not gotten that taken care of. And so, we weren't doing transactions for anybody in Arizona. And I would get these emails from these irate customers who want to be customers in Arizona that said, 'Okay. Nigeria. North Korea. Arizona. Come on, wake up'. And we wanted to be able to say that we can legally provide this service in all fifty states. So we went, and I went and talked to the people in Arizona; and they said this is the process to get licensed. And we went through it. And had we done transactions in Arizona, you know, what are the ramifications of doing business? And they said, 'You'd be subject to a twenty-five hundred dollar fine for every incident, and potentially jail time for you'. And I thought, 'Well, that's not what I want to do'. So we got our license. And it actually took close to a year. You know, the final hurdle was to go over there and make a presentation at the Arizona Financial Banking Institute. Department of Banking – I don't know exactly what they're called. And the other thing along with that is, we're subject to audits by these government agencies as well. I have an outside auditor that comes in here every month and reviews everything. And if he were to see any discrepancy in our books, he'd be required to report that to the Department of Corporation. Department of Corporation has come in here and spent two months going through an audit. And the other thing on that is, guess who pays for that audit? We do. So as part of our compliance. And unfortunately this year only Arizona did the audit. They did it remotely. And first time they came over, we had to put them up in a hotel, and pick up the plane tickets.

Michael: Got it. Alright. So some of that bureaucracy associated with having a license actually gives me, as the buyer and/or as a seller, a little more confidence that you're running a real operation there. You have policies and procedures in place that you're tracking the money; that things are properly identified on the books. And because, you don't want to go to jail.

Brandon: Yeah. Think of us as a financial institution. We're regulated, and licensed, and bonded. We have insurance who cover everything.

Michael: Yeah. Alright. So here's the final question, Brandon. With the continued success of Escrow.com - you know, you just announced yesterday hitting a billion dollars in secured transactions, or as of January eighteenth -, what can customers expect to see improved in 2012? What's going to be new and improved on Escrow.com soon?

Brandon: We've got so many things going on right now, Mike. We have a new customer facing website here, hopefully in the next sixty days.

Michael: Great.

Brandon: We're putting in a new trust accounting system, which is going to allow us to accept multiple currencies. We will not be an exchange business, so if you buy in US dollars, the seller is going to get paid in US dollars. If you buy in Euros, the seller is going to get paid in Euros. We're not going to comingle it or anything like that during an exchange. We have, right now, about half our business has either, an International buyer, or seller. So we really have become a global company from that standpoint. We want to take better care of our customers. We're working on our partner integration offerings that are going to make us much easier to partner with. Now, we have a new PI that a lot of companies use, but it's not state of the art. It's not where we want to be -- we would like to have, and that we would like them to have, so we're working on that. We've got a broker system that's in soft launch right now with some of our customers, and additional feedback is it's doing very well. And we're just testing it through soft launch.

Michael: Is that the one where I just read on Domain Name Wire, Andrew Allemann's website, where, I think, it was Andrew Rosener said that he was using your system. Is that correct?

Brandon: Yes.

Michael: Alright. Well, that sounds fantastic. So, if I can summarize it, Andrew Rosener, as a broker for Media Options, goes on to your system -

Escrow.com -, and as the intermediary himself doing the transactions between a buyer and a seller, he creates the transaction in Escrow.com. He puts both, the buyer and seller, in there, and then he starts the transaction rolling using your service. And so, in some cases, he doesn't even need to reveal the information of the buyer or the seller to each other, because they just enter into Escrow.com through him.

Brandon: That's correct.

Michael: Great.

Brandon: So we think that's going to be a huge growth area to us this coming year.

Michael: Fantastic. And, you know, the other thing I wanted to ask you. Okay, that wasn't the last question. Here's the last one. Of the billion dollars that you just transacted, or that you have transacted since 1999?

Brandon: Yes.

Michael: How much of that was domain names? And how much of it was the past year?

Brandon: The past year was, actually, about twenty-five percent of that number.

Michael: Wow! So that's some phenomenal growth there.

Brandon: Yes. We're definitely in the middle of a growth spur. And addition to that, I would say, if I look at the number of transactions we've done since inception, about half of them are domain related. Over the past few years, that number is exponentially going up on the domain space, so certainly domain names is our largest line of business. General merchandise would be behind that, and followed by vehicles, and then services transactions.

Michael: Great. Alright. If you have a follow up question for Brandon, please post it in the comments below. We'll ask him to come back and answer as

many as he can about Escrow process in general, or Escrow.com if you have a specific question. If people want to follow you, Brandon, or Escrow.com, I believe you're on Twitter. Is that correct?

Brandon: I'm too old for Twitter.

Michael: You are not too old. We're going to get you on there. You are on Twitter. You're at @EscrowCom, and you're on Facebook at Escrow Service. And now I'm going to do, Brandon, what I do on every show. I try to remember to do it. I want to urge the audience; if you found value in this interview, if you understand the escrow process better, regardless of whether you use Escrow.com or not, clearly Brandon has put his time in here; he spent time yesterday on a pre-interview call, today for almost an hour, helping all of us understand how escrow can help us reduce our risk, how it's a small insurance policy to make sure that what we're buying is actually what we're expecting. And the way that you can say thank you to Brandon is to go down below, write a comment, say thank you, send a Twitter message over to him, go to their Facebook wall and post a thank you. All of that is a great way to start a relationship. You never know when you're going to need some escrow help in the future, and from what I understand, everybody on Brandon's team is phenomenal about offering assistance. So I urge you guys to do that right now. I'm going to say thank you again by mentioning Brandon's website at Escrow.com. Brandon Abbey, president at Escrow.com. Thank you for being on DomainSherpa, sharing your story, and helping other become successful domain name entrepreneurs.

Brandon: Thank you, Mike. I appreciate it.

Michael: Thank you all for watching. We'll see you next time.

Watch the full video at:

<http://www.domainsherpa.com/brandon-abbey-escrow-interview/>