

The \$4 Million Domainer Who Stole My Domain Name (but Gave It Back for Free) – with Justin Godfrey

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Michael: Hey everyone, my name is Michael Cyger. I'm the publisher of DomainSherpa.com, the Domain Name Authority, and the place where successful domainers come to tell their stories, tell you how they built their portfolio, motivate you and give you ideas so you can go build your own portfolio and do what today's guest is doing – which is an interview where you can teach others to do the same.

How do you build a company that regularly exceeds 4 million dollars per year in domain name sales and services with a client list including Lumber Liquidators, Priceline and Expedia.com? Joining me today to answer this question is Justin Godfrey. In this interview we will find out how he built his business, Domain Investment Services.

So welcome Justin and thanks for doing the interview.

Justin: You're welcome. Thank you.

Michael: I'm going to start off with a short little story, Justin, about how you and I recently met. A few weeks ago I was doing this exact thing, this type of interview with Andrew Allemann of Domain Name Wire. I threw out a scenario and I asked Andrew to give me some feedback on this scenario. I used the example of michaelcyger.com. I have never used michaelcyger.com. I tried to reserve cyger.com years ago and I found that some technology company had reserved it. This boggled my mind because when my parents came to the United States they changed their name from a German (a sort of long German name) into Cyger which is nice and short. Just like Cyber but with a g. And so I couldn't get cyger.com, so I bought cyger.org. And we use that for our family email address.

And I thought, Andrew I joked around I better reserve michaelcyger.com because if I don't I know somebody watching this interview is going to nab it. And then who knows what they are going to do with it. So in preparing Andrew's interview to go live, I've got the transcript, I've got the video I remembered "Aha I've got to go reserve the domain name". So I go over to my registrar, I type in michaelcyger.com, lo and behold it was reserved. I couldn't believe it. I did a 'who is' and I found that it was reserved the week prior to me going out and doing it. And guess whose name came up on the 'who is'? Yours!

Justin: Probably mine.

Michael: Exactly Justin. So I called Justin and I asked him why he reserved my domain name? Justin, let me turn it over to you. Why did you reserve michaelcyger.com as a domain name?

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Justin: Well if I remember correctly I was actually renewing probably fifty names. Normally when I renew names I'll just kind of register names that I want at the same time. I had just happened to read on thedomains.com with Mike Berkens that had an interview with you. I think that was a blog actually. And I happened to type in your name and it was open. I think how it came about was at Dynadot once I had run the name and I had added it to my cart, once I had renewed all the names that one was in with it. Which I did realize afterwards but I figured I'd hang onto it. I would forward it to your website. And how that kind of came about was, I had registered some other domain names over the years, some of them wanted them some of them didn't. After more people than not didn't want them I just basically stopped contacting people and let them contact me if they wanted it. What I like about them was somebody had owned my name justingodfrey.com and that was a guy's name (was actually Justin Godfrey) I spoke to him and he said I could have it basically free but he never contacted me again. And lo and behold it had dropped. And somebody on DN Forum (some of the old timers on there might remember Domain Newbie I think was their name) they had some sort of grudge against registering domains and forwarded it to some My Space profile (some pot smoking guy). I had actually offered them three or five thousand dollars for the name. That was a time I kind of wanted to brand the name. But I kind of moved past that. You basically just waited them out. I offered them three grand, they declined. This was just somebody that was really hard to communicate with through email. They just had some kind of grudge. I made a comment one time about their names and them just trying to sell these junk names or something.

So that is the price I paid. And then I got an email from somebody saying that it was supposed to drop. So I went ahead and back ordered it, and then just registered all the other TLDs along with it. Just to kind of clear up any future...Honestly in business you make enemies. So that is something that goes with the territory. But this person just had a grudge and I think they registered it back in 2008 if I can remember. And they had it up until probably early last year I think when I finally took control of it. But that is where it kind of comes from. Like I said I registered a few other names. A couple years ago, a couple domainers names and like I said just give them the name. Some people just don't want it.

Michael: And to your credit, I reached out to you, we traded emails, you had offered to push the domain back over to me immediately at no cost. You were a true gentleman about it. I appreciate that. In fact you asked but you didn't require that if I was interested I could make a donation for the domain amount to your charity called "Projectnightnight.org". Can you tell me about the organization and why you asked for donations for it?

Justin: Actually that is not my organization. That is just a charity I found over the years that deals with kids located in the U.S. I know that anytime a tragedy happens in other countries everybody rushes over which is completely fine. I more like to deal with children or homeless families in the U.S. So this organization, I have spoken to them multiple times and they have something come up where, depending on the amount or like in this case I'll just direct them to this charity and what they basically do is...If you go to the website, like you did, clicked on "Make a Donation" in somebody's name they make that donation and they basically send me a card or my daughter a card saying that you actually made the donation. They don't put the amount or anything but they just let me know that you made a donation. Maybe a quarter of the people that I kind of direct there, actually do it. So I appreciated that.

Michael: It is a nice sentiment to bring charity into it. And I appreciated that and I appreciated you being a gentleman and pushing the domain back over to me. So let's talk about your business. You say on your website that your company regularly and this is a quote, "regularly exceeds four million dollars in domain name sales and services per year". Many time websites, they get set up they become outdated, you know the stuff that you read there isn't even true anymore. Are you still hitting in the mid seven figures for revenue of your company?

Justin: Oh definitely. Basically in this business I thought over the years that you have to diversify what you are doing. There was a time where I started just selling lower end names, moving up over the years to do consultation for companies. Companies you will find out in New York or L.A. almost to be a domain manager or to be a broker on their behalf. A lot of companies will do that where you don't want to know what Lumber Liquidators is buying say fourorfiver.com (*unclear*) which is one that I bought for them because obviously the price is going to go up tenfold. I do a lot of consultation work, do a lot of domain namer's mint, broker associates for companies like that. Also broker that is more of a, it's in my newsletter, but I kind of find that is more passive. Brokering names, everyday names. I broker names to end users that I won't list them in my newsletter best I know that nobody is going to buy it.

A lot of my stuff just goes unrecorded because I found over the years that a lot of my buyers like to keep their privacy. They don't want their names splashed all over DN Journal. There was a time where that would have been beneficial to me just to get my subscriber data base up but I found that even if I had less numbers I just wanted more quality. I want somebody who is either going to want to sell through me, either to buy through me, I don't want two thousand people that might not even read the newsletter. In terms of recording stuff very, very few names that I sell unless it is a good end user sale like with 'free.info' a couple of years back. During that whole .info boom I'd guess you would say. I recorded that just because it helped the extension. If I were to record all my sales it would be all over the internet. I just don't, I'd rather it stayed more private.

Michael: I want to come back to more questions about your company and how you diversify your revenue stream and why you report certain things. But I want to come back to that. First I want to go back in time. I want to know how you got to this point where you have these customers, where you have the recurring revenue, where you have these services. So tell me first when and how did you first discover domain names?

Justin: Well let's see. Maybe in the late '90s I had started to get into domaining. I was say 18 or 19. I think that is when I registered my first name. It was a .org. I've always had kind of an entrepreneur bug in me looking back on it to where I wanted to make my own money but I've always worked for somebody else for the most part. But I had registered my first domain name. On and off I had registered names. I didn't really see the platform that I could have had like most people. Like elect shorts or something. Obviously seen it, wasn't old enough or wise enough to know but to me I didn't really see the potential. I could be a lot wealthier today if I had. Everything that I went through in my life has made who I am.

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I started like I said late '90s. And then I didn't really do much. In the early 2000s I had registered, or bought, a lot of names with other people that were at the time had a pool of money, kind of like a domain fund I guess you could say. Those niches really weren't touched until 2004ish, around there - 2005. And is kind of when just one day I was in the military in the Air Force active duty mostly just struggling to get by. Even before I joined the military it was living in low income housing, just a really dreadful situation.

Now 2004/2005 was when I kind of started to get back into it. And basically then what I did was I just registered domain names. The way that I came about it I think I heard some news or something just kind of triggered in my mind that I had done it before but I didn't still really see the true potential in it. So basically I progress to there. Started really low level. Run straight domain names, taking hours and hours and hours finding a good name that I could register. And then I would sell it for maybe a hundred, two hundred dollars, so at a profit. And that basically just snowballed up until buying names like 'aftermarket.com'. So it was a real gradual step by step.

And when I was in the military until 2007 I really didn't have the time to put as much time into it as I needed to, to make it a successful business. Getting out of the military in 2007 I didn't really know for certain if I was going to make it a full time job because it's kind of an unstable environment. I could sell five names in a week or none. So I just really didn't know. Basically until I took the leap I had build up somewhat of a savings when I got out of the military but it wasn't until I really got - when I was transitioning out of the military where I started getting into the bigger sales. And bigger sales led to bigger profits. It has just been a gradual stepping stone up until this point.

And there has been a lot of people like Lamar from DomainTools and a lot of people along the way that have bought from me and kind of gave me those stepping stones to get where I am at today. I also had a buyer clientele or I wouldn't be anywhere.

Michael: Let me dissect this. You were in the military. So first of all you were 18/19 years old when you first started domaining. So that makes you something like thirty right now?

Justin: Thirty.

Michael: Wow. So you were in the military up until 2007/2008 timeframe?

Justin: Early 2007.

Michael: 2007. So, really you were saying you only really started domaining and you started off slowly in 2004. It's not like you bought domain names when the internet was just starting out and you bought single domain names or single keywords, generics, you held onto them. Or like for example I was talking to Ron Jackson a few days ago and he said that he bought three letter domain names in .net and he held onto them and now he is able to sell them for a couple thousand dollars apiece in some cases. You didn't have the luxury of, or the foresight to say I'm in early and I am going to buy these domain names and I'm going to hold on to them until they are worth thousands, hundreds of thousands, millions.

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Justin: Absolutely not, no.

Michael: You are a new domainer.

Justin: I guess you could say that.

Michael: Relatively speaking.

Justin: Like I said I have dabbled in it before but no I didn't see the value in it as I could have. But early years I think I...Domaining is all about values, a perceived value. So with let's say 'aftermarket.com' that was my first real big purchase (it's not really that good of an example), I bought it new for five hundred dollars. The odds of me being able to find somebody who thinks it is worth three thousand dollars are relatively high as long as - at this point I know what I am buying. I find somebody that thinks the value - thinks that it is worth three thousand dollars to them even though it is relatively high.

Michael: So it is harder to buy a domain name for five hundred bucks. It is a higher probability to buy it for five hundred bucks and then flip it for three thousand than it is to hand register a domain name for eight bucks and sell it for five hundred.

Justin: Yes I'd say so. There is money in hand registering names. I mean I don't do it anymore and I guess I just don't have to. I can see money like today I led a search stockmarketblog.org. Somebody name dropped it. I paid 8/9 bucks for it. It is for either put some auto-blog on it or just hold onto it for ten years if I want to, because somebody might come along one day. I get offered on cu.com all the time where for two thousand, twenty five hundred bucks there are names that I can am register while I am renewing names. So somebody out there will think that stockmarketblog.org is worth a grand let's say. That is why I registered it.

Once you get up to the names like Onterio.com it is a lot harder to find a buyer for a name that you are paying six figures for than it is to find a buyer for a name that you paid two thousand dollars for.

Michael: Right there are a lot more buyers in the two thousand dollar market. So you started buying domain names when you started off in 2004. You would buy then, you would hand register them, you pay a little bit of money and you'd try and flip them to somebody else. How would you when you were in the military and you had your time off during the day you would get on the computer to try and do this. How are you finding buyers?

Justin: Good question.

Michael: Were you doing end sales like to...?

Justin: A lot of end user sales. And those people still have contact with me today. I think through end user sales...Let's just say back in the day if I were to register stockmarketblog I may go

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through and find companies that run a stock market blog and pitch to them. It was a lot of hard work.

Michael: There is a lot of hustle.

Justin: Even if I made \$95 to \$100 I still remember my wife...I think I made a \$500 profit (this was back in early 2004). I mean a \$500 profit she was ecstatic. Now today it's "Why are you selling at that price?" So you can kind of see the graduate increase in me, my revenue stream, but back then it was just...If I made \$500 I would then take that \$500, take it all and put it into another name. And I would have it gradually...If I made \$1000 I would input that. It was just kind of stepping up, stepping up.

Michael: In those early months and years were you mainly hand registering? Or were you looking for opportunities on discussion forums that you could buy for \$50/\$100 and then try and find an end user buyer with a little bit of hustle that could sell \$500/\$1000 or higher?

Justin: I think I have been active on DN Forum since 2005. Just buying today but back then I don't know if I had the insight to see that a name list on here – a list of \$25/\$30 that you might be able to sell for \$500. But I'm sure if I seen an opportunity arise I would take it if I had the money of course. Being in the Air Force money was always an issue. Today I come into my office eight hours a day downtown. Then it was working every day, sixteen hour days so a lot more work then and trying to do domaining on top of that (or trying to learn) it wasn't really a lot of time trying to sell it was kind of learn what I could sell or what would sell.

And today I think a lot of people, I get a lot of calls every day and emails every day and I almost feel bad, I want to help everybody but A: I have still got to still run my business. And B: A lot of people just don't really have what it takes to start at the bottom up. You have to really put in the time to learn what is going to sell and that to just go out and register this crappy name.com or something and think that I can sell it for them.

Michael: You are doing a great service to domainers and prospective domainers out there. You are spending an hour of your time today and then you can just refer people to your video. So what would you say is your advice for what is a good name? And how do you acquire a good name for somebody that wants to get in? Let's shortcut the process for people who want to get into domain names.

Justin: That is a really tough, probably the toughest question in domaining. You have to be able to see the value in a name to be able to sell it. Let's just take Ontario.com. It's a phenomenal name. I was just actually talking to my investor that went in on the name with me last night. And every time I think of it I still think we sold too cheap. You have to be able to see that value in a name. You have to be able to know that somebody else is going to see the obvious.

Over time a lot of these people that see the news article on CNN and stuff, they just think it is I'm going to buy a house tomorrow with these profits that I have made. It's not like that. I put my time in. I literally started at nothing, a negative income probably for the most part. When

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today I can enjoy a decent life, because I have built myself up to know the domain market. And now there are obviously things that sell all the time that kind of amaze me.

There are always niches that are going to sell: diet, health, finance, green. You kind of have to feel like ride a trend. Like green, you kind of see green starting to get big you buy green names. You sell green names.

Michael: I'm sorry. If you see what names?

Justin: Green. You know green technology.

Michael: Oh green, green. Like the environmental green, yes.

Justin: Or like Cloud and the cloud hosting. I had bought clouds.org a couple of weeks ago and flipped it for a decent profit because cloud hosting is getting big. I mean has been big. Keep trends. The hardest thing in domaining is to see the value in a name and not over pay for it. With Ontario.com and me spending six figures on it with an investor that is pretty close to me risking his money as well I would never do that if I didn't know I could sell that name for a decent profit.

Michael: So your biggest piece of advice for new domainers is know what the value is of the domain before you buy it. Get it for a good price. And know how you are going to sell it. Or have an idea of how you are going to sell it.

Justin: It's a lot. It is easier said than done. With Ontario.com this guy emailed me. I was tracking this guy down for ages, for at least a year. And what I will do is I will spend a lot of my time seeking out domainers. And I've been called a spammer or whatever. The minute you stop emailing domainers if they want to sell them is the minute that they start emailing you trying to sell them. Obviously there is a lot of people that just buy just to hold on to. But it is mainly end user domain owners. Normally I can buy a name, if I really want a name I'll get it. It is just a matter of waiting. When I said that comment it was more or less a company was dissolved and the board come up with a price, the guy emailed me and probably hundreds of other people who had contacted them about its name. I was just sitting at my computer just like this. We maybe emailed two times back and forth. He gave me a six figure price tag and I told him okay I'll take it. I sent him the money I think that day or the next day. Then after that I got all these emails from these people saying I had bought it out from underneath them. And I have attracted a lot of enemies. But that doesn't matter to me.

Michael: It's not like you did anything to those other people. You were just faster doing the transaction. There is nothing wrong this that.

Justin: It is just what the company was looking for. It was just the money. I mean they wanted to sell it, which was still a great name. My buyer got a great price. He bought it from me and we have done a lot of business throughout the years.

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Michael: So let me dig into this. Ontario.com. So, you knew you wanted this domain, you were tracking it for a long time (months, maybe years) until the company finally unfortunately dissolved – closed down, dissolved – they contacted you. You went back and forth on the offer. You paid in the six figures, high, low, medium?

Justin: Low.

Michael: Low, Low six figures. How did you know that you could find a buyer higher than the low six figures to flip it?

Justin: A domains value can be judged on the market behind it. You look at Ontario and it is not just a city, I mean it's not a city it's not some little town, it's a province that includes several large cities. And you also have two different aspects of it: residents and visitors. So I think the person who bought it from me took it as, I think their website that they have up now is geared towards both the visitors and residents. So you have two sides to it. And I knew just from previous sales like bangkok.net, I had sold and nome.net, I just knew that it would sell. And I knew that is I couldn't sell it quickly over time it would pay itself off.

Michael: Gotcha. So big cities, provinces, even counties in the United States there is a good chance that it is going to sell if the economy is doing well in that area. So you knew of the potential buyers before you bought it? Or you had to actually go out and do some research and do some leg work and some hustle and try and find somebody to buy it.

Justin: You know this one wasn't really that tough...now I have had names...I guess doing legwork is all a matter of opinion. This particular sale was fairly easy. I had someone in mind that I knew would probably be interested in it and if they weren't I knew I would be able to find a buyer. I had actually been talking with this buyer over MSN Messenger. And we had kind of come to a deal within probably a matter of hours after I got the name.

Michael: So your holding time was literally hours or a couple days.

Justin: It was probably, with the payment over time, about a month. I had the name for about a month and then transferred it to him. And like I said it wasn't that he didn't have the money it was easier for him to obviously pay multiple payments over a month.

Michael: Sure and you said that you had an investor that put in some money on this also. So you both put in money, you sold it, and then you split the profits.

Justin: Right, I actually did a couple different things with this one where I had a main investor, I needed to borrow some money from a friend for maybe a weekend and I paid him a cut. Basically what that was doing was covering the time (not everybody works as fast as I do)...my investor that I brought in with this one he couldn't get the money like in a day. My other buddy just covered the...and he got a decent cut. And still what was left after he got his cut we just split the profits.

Michael: How long ago was Ontario.com bought and sold for?

Justin: It was finalized in October I think.

Michael: October of 2010?

Justin: Yes.

Michael: Now I don't mean to pry too much but for somebody who is pulling in a few million dollars a year in revenue, not profit, you are doing pretty well. Do you need to bring in outside investors to make large purchases like this? Or is this a way to diversify sort of the risk and reward also.

Justin: It's funny that you ask. This was not a – something that had to be done. I was actually talking about this to somebody else the other day. This was just more of a family type thing. There was somebody in our family who could use extra money at the time. And this person that I brought in as the investor was more or less a catalyst to being able to make the money to give to the other people. But no not, definitely not, something that I do all the time. It is just easier to...Deals fall through all the time so I find it easier if I just keep to myself and do it rather than bringing all these different people. And sometimes I have money tied up in other places where I go in on deals with people of the domain industry. I give them a decent profit just to cover I'm out of liquid 3 hundred grand or something. Definitely nothing that had to be done but that time it was something that kind of had to be done for your family.

Michael: I love these stories of how you are buying low and selling high and opportunity and how quick you move. You said just before we talked about Ontario.com that you had purchased aftermarket.com. Do you remember where you bought that one and how much you paid for it?

Justin: Again that was a low six figures. That was my first purchase of that magnitude and I bought that on my own. And that was another name that I had kind of tracked down. A lot of these people just don't want to put the time in to track these people down. This wasn't an excellent purchase at the price but it was a phenomenal name that I really wanted. I went and got the money straight from my own bank account. And just kind of took a risk on it. That I sold to a minor company and that put kind of a bad case in my mouth from public auctions like that. I had actually got like two hundred and some thousand dollar offer and before the auction was supposed to go on just that calls me, another domain name broker was calling for his client and I told him to put it in writing and fax it to me and I'd pull it from the auction. And he didn't. I obviously just told him to go to the auction. It was an auction in Paris. I think I had to get up at like 4:30 in the morning and watch it at some odd time. So that affected the sale price. I think it was \$125 grand. So in the long run with that...the auction house I think it was Moniker made more than I did.

Obviously I was happy to sell it to the company that it did that just kind of put a bad taste in my mouth about auctions. And I don't think that name has reached its full potential in that atmosphere because me personally I don't buy names out there that pop up for sale like that. It out casts the price. If I buy a name for a hundred grand am I going to be able to turn it around the

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next month or two years and sell it at a decent profit? Probably not. I'd rather buy private. And that is why I just don't really list in auctions or names in those auctions.

Michael: You bought in the low six figures, you ended up selling for \$125 thousand like you said. Probably with the commission that you paid you broke even or lost some money. It definitely doesn't seem like it was a great business move. In hindsight did you set the reserve to low? Did you not set a reserve at the time? Maybe it wasn't a company practice at the auction.

Justin: I'm not...I can't remember the exact sell price. I know it was \$125/\$130 or something.

Michael: I think I read \$125 some place online.

Justin: And I can't remember the discussions I had with Moniker or anything like that about the reserve. I know that I wanted...I'd lowered the reserve so it would sell. But like I said if it had been in New York City or something, or in L.A. where all these big domainers are at, would it have sold higher? Who knows? Like I said this was a couple years ago now. I know that there was a lot of bidding activity up until the reserve price, but I think I made probably like five figures or something like that, around the mid five figures, \$5 grand or something like that. The auction house wasn't getting anything – \$17 grand. But that is just another reason especially with names like that sure.

If I come across a great name with a great price will I consider it? Yes. But I don't really hold names to long. Normally I don't have any trouble finding a buyer. That is what I like to do. People like to buy names and hold them for years, I like to buy names and I like to sell them. That is just something that I like to do.

Michael: Okay so, with that in mind, let's talk about your domain name portfolio. So if we look at your portfolio right now and without getting into specifics, break it out by TLD and category, by any way that you categorize them.

Justin: I do a lot with finance names. I've built my own portfolio up to, actually I've kind of built my own portfolio was once I got it by buying names. What I used to do was buy a lot of names in packages. And I still do that today. I just found it really normally a great move on it. It would have two or three names on it I would want and he wants \$5 grand and I know they are worth \$5 grand, I might toss in two or three or four other names that it has. But you really have to deal somebody out. I mean obviously you are not going to take these one word great names for such a low amount but name that I like. I'll toss those in. And I just build up a couple thousand names probably now.

But my inventory changes all the time. Like I said I'm always registering names, I'm always selling names. I got Sedo, I got an example I got docshop.com and older name that I basically in a package of ten or eleven names that I made profit on the other ones and I just kind of put the other ones in a vault. I think that one sold for \$2500 or something. So these are all just...I mean I am always getting offers. And I am negotiating on those names. But I have always kind of tailored them to the health, diet, just those niches that are always going to sell. That is just what I found over time. Like I am kind of on this blog kick now. Where I picked up a lot of great

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blogging names today actually. I sold insuranceblog.com the other day. So those kinds of names they always sell.

If you buy something at a price point where you can price it and it is good for the buyer normally they will sell. Sometimes I list things in my newsletter and am just astonished that these names...Like minisite.com. I know you want to talk about that. I got it for a decent price and it comes with a website. Obviously not the best website but a lot of time, a lot of toying went into this website where I bought everything from the guy and I kind of flirted with putting it in the aftermarket.com auction. I decided not to do that. I think it was sold for 12.6 on Flippa and I had never used Flippa. So it was nice kind of using that venue but fortunately it was a fair price. No I thought that was great you know, because I guess mini sites I had kind of seen there with payday, with minisites.com I used them a few times just to kind of find out. I like the people behind it. But did I think that minisite.com was fair? Oh I thought it would work, I thought the buyer got a good deal, but I did too on the name.

A lot of people ask me how to sell names. They get a quality name, you buy it for a decent price, (you don't want to overpay) and you list it at a decent price and you will normally find a buyer. You know you will see these people asking a million dollars for this mediocre name. And it just kind of tarnishes your name and it is never going to sell. I always try to price my names fair. Getting a good deal for me and the buyer.

Michael: So just for the audience, it was on Friday, February 25th of this year 2011 that you sold the domain name minisites.com on Flippa. It was for 25,600. You attracted nineteen bids. I don't know, I didn't write down the number of bidders. But it was nineteen bids. You have a buy it now price of \$22 thousand. So you set the price. You said you can have it. I set the value at \$22 thousand. So \$12 thousand is almost half of the \$22 thousand that you said here is the value of it. You think it wasn't a good sale. You think you could have sold it for more on Sedo or aftermarket.com? Or one of the other aftermarket type sites?

Justin: Oh I only held the name for probably under a week. If I could have got a better price if I would have put more time into finding a buyer? Maybe but who know? I think there was maybe nine or ten different bidders. I know there was at least nine. But I find a lot of bidders in Flippa are obviously going after the website. With a couple hundred dollars in coding literally you could have turned the site into a non-profitable website, into a profit website. I actually dropped the buy it now price. I think I started at \$24 thousand or something like that and I kind of dropped it to entice a buy it now sale. I was just kind of experimenting with the Flippa platform. I had never used it. So it was interesting. You pay them after you...I had opted to split the fee with the buyer. So I think I paid \$250 or something like that. I did get some upgraded listings but I will definitely try them out again. I just thought that it was definitely a 20K name. But then again, who knows? I have sold names that I look at as lesser from minisites.com for more, so the market can be a surprise too.

Michael: So did you try to sell on Flippa.com because it was a developed website? Whereas if it was just a domain name you would have gone to another venue to sell it?

Justin: I think it had a definite...In a short answer yes.

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Michael: That was a factor and you wanted to try Flippa out you did say.

Justin: Right and it was a huge website. On my server it was 25 gigs or something. I kind of knew about Flippa and just wanted to try it out. I know that people on there it is more targeted towards websites. So I figured taking the website approach could be the better approach on that sale.

Michael: And did you find that the inquiries that you receive through Flippa were genuine? People asking for general information or stats or anything? You didn't have any because you only owned it for a week.

Justin: Right I had I think I had actually shortened the auction. I'm not a long, drug out person. I'm more impulsive person. Where I'm not going to list some auction for ninety days and then something like that where you just field the highest bids. I am more of a person that you have a set time... Actually I think I shortened it down to twenty four hours. That is more than enough time in my opinion to if you want the name buy it if you don't then just keep going. So like I said I'm more of an impulsive person like if I find a name that I want I'll buy it.

And I kind of take that kind of approach with other people. I know that mentally a lot of people are like that. I didn't really have too many inquiries. I think a lot of people who had placed bids were in some ways related to my newsletters. So they probably already knew...

Michael: Estibot.com valued minisite.com at \$6700. How do you personally... Clearly there is a lot of gut feel, there is a lot of education, there is a lot of intuition in pricing domains. How do you set the price? Why did you think that the value of the domain was about \$20 thousand?

Justin: First of all I don't give Estibot any credibility. I don't give any automatic program credibility in appraising a domain. I mean it is just impossible. I think the aftermarket.com value was like \$10 grand or something. Before I sold it and after I sold it suddenly the value in Estibot shot up to \$125 thousand. I do use Estibot on occasion. And normally the only thing that I like it for is it kind of summarizes searches, PPCs and stuff like that. Now the way that I came to that, just from previous sales that I have had. Sold a lot of Holstein, website holder names and just mini site market I think that \$20 thousand dollars should be – I think that is a very fair asking price. It is just more like knowing the business I am in.

And that is the hardest thing for a lot of people is to know the value of their own names. Especially when people want to list their name in a newsletter. I get these emails all the time where people say well what do you think I should list it at? Well it is your name. At times I had said well how about a grand or how about five hundred dollars? And these guys are expecting \$250 grand for these names. I had just kind of asked and let them set the price. If you want to how and you want to sell it you don't just have people walk in and say I'll give you a hundred bucks. You know what it is worth. And you know what you want for it.

Michael: Well actually you have realtors come over and you interview them and you make sure that you like them and they look up the comps and they make recommendations to you and they

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either piss you off by suggesting a price that is too low or below what you paid for it or it is something they talk you into it. So I can understand why people would want to ask an expert for their opinion about the value of a domain name.

Justin: Absolutely and like I said I understand while people ask me and at times it is hard to price them. It is somewhat time consuming. Now to price my own names I know what they are worth and what I think they are worth because I am the one that is out there trying to get a hold of the people that own them because I want them to sell them. But my job is to, What is really boils down to it is I like to separate domain owners from their names at a fair price for both of us. And have I come across people who just do not want to sell or just hate me for even contacting them, sure? Have I come across people who I have made their days for giving them \$5 thousand dollars? Does it mean that that was worth nothing? That they probably would let drop.

Michael: It works both ways.

Justin: The way I value my names, I know what that market is worth when I am reaching out to them to buy it. So I know that there is value in it. So if I came asking for a name more than likely I think it is valuable I just don't know much I want to pay for it. I don't really make offers on names too much. I might just make an offer in the dark...Of course I've been called low baller, whatever I don't care because if I say \$1000 somebody might tell me – go whatever and I might say yea, that's great.

That is the best part about domaining. There is no blue book. There is no set price. There is no set value to where, there is no Kelly Blue Book that you have to look up to find out what it is worth.

Michael: Do you modify your behaviors after doing a 'who is' look up and knowing whether the owner is probably a domainer versus and end user.

Justin: Not too much. I mean I think I've either come across, heard of, been in touch with a lot - most domainers (maybe let's say 75%). Now do I reach out to people that are domainers that I didn't know where? Sure. It doesn't really change the way I look at it but names from like Ron Jackson, like you mentioned earlier it doubled the profit from it. I bought the name from Ron and he thought it was worth a grand. I sold it for more. That buyer perceived the value to be more. It is just a matter of finding that buyer.

Michael: Right and you went out there and found the buyer. Whereas Ron prefers not to do that. He told me just a few days ago he prefers to have people come to him. He doesn't want to have to track people down and be that guy that proactively reaches out. It is just a personal preference.

Justin: Right and somehow that is the deal with me. I always enjoyed, I found that even if I am selling a name for \$2 hundred grand or selling a name for \$200 I just like selling. I like the negotiation and coming to work every day. It is a great job.

Michael: So let's get back to your company and its revenue. You business does four things. You buy and sell domain names, which we have pretty much been talking about the last ten minutes

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or so. How you go out and you find the domain names, and you know internally what the value is, and you go and hustle and find buyers. You broker other people's domain names. You provide services to companies like Lumber Liquidators, Priceline, and Expedia. And then you build out sites based on the technology that you own called Socialized Inc. Is that how basically the business shapes up?

Justin: The whole social networking niche – I kind of started that – Socialized Inc. is sort of a name that we put together more or less during the recession. Right now I think it forwards back to my main page. I did have a website up at the time. It is just very, very time consuming. Creating social networks and sometimes I just don't have the patience or time to do it. Snowmobiler Reviews was my first one. And I added Snowmobiler. I love it. I think that came about was I had emailed a company that owns snowmobiler.com and they offered me I think \$900. Of course I countered them and I think I bought it for \$500. To me I loved the name and I think that at that instant that I had the idea of creating a snowmobile associate network per se. And that was probably a little over a year ago. Probably in October of 2009 I had gotten enough money.

Michael: So you bought snowmobilers.com for \$500?

Justin: Right, yes. That was just the name. I built the network.

Michael: But that is a great purchase for a single word and a large industry for \$500.

Justin: Since I had gotten it so cheap that is when I kind of had the idea of putting this social network out. Starting these social networks, I mean it is just very hard, various resource, extensive wear, wholesalers kicking me out. The hosting company that I am working with now webber.com, I don't know if you ever met Mike with Webair.com, that is the only hosting company that I have ever been to that didn't shut me down. Justhost.com once you start this website you start this \$7 account and as I gained harder members that were always online on my website I kind of had to bump up to like wholesaler or whatever and that was to our gain. It finally settled down to where my sites aren't always down.

And in a recession I took snowmobilers.com and now I think it is up to thirty six hundred members, thirty five hundred members. And I took that and started ATVers.com and an ATV social network. And I am just not as dedicated to ATVers.com because I'm just not an avid ATVer. I am an avid snowmobiler.

So then what else I did was I created a lot of websites. Like snowmobileloan.com, I picked that up from a drop for eight bucks. And put up a credit.com with an application. It was on the first page of Google in the top twenty when I sold it for a decent price. So during the recession I found that diversifying was a lot easier than just sitting here trying to just sell every day. I probably took a month or two off from actually selling names to just concentrate on developing some of mine. Even if they were making five bucks a day it was still making something.

So yes I definitely see a future in targeting social networks. Like atvers.com, snowmobilers.com, and I am trying to work out servicemembers.com for a military social network site. So that is

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kind of my next project but it is not as easy as it sounds. Like I said it is very resource extensive, hosting. A couple weeks ago all my websites crashed, my email, everything. And that was caused from the resources that my social networks were using then. I think combined there are five or six thousand members now. ATVers has been up for less than a year and that one only has sixteen hundred members so I see a future in. And I put money into those all the time. You can add different club ins or I just added a new add server like Facebook uses. And that is just a way to create passive income.

Michael: Okay so we talked about your projects. Those are sort of on the side. Of course they take a lot of time. It is passive income that is sort of a recurring stream. We talked about your buying and selling. Let's talk about the services you provide to some of the big name companies that we mentioned: The Lumber Liquidators, the Priceline and the Expedia.com. What services do you provide them that they find useful and continue to buy from you?

Justin: There are companies that get it. Like buying the names and seeing the value in the generic term. When you talk to me about Lumber Liquidators I do a lot of buying and selling for. Expedia, Priceline those were kind of more years ago. It was just kind of the bigger names. Now there are companies all the time that they see the value in names.

I was flown out to New York not too long ago to kind of head a domain name (I'd guess you'd say) market place, kind of new market place setting for domain names that obviously paid. And hopefully if that ever comes about that will be another venue for domain seller names. And the only reason I did that was because I could see the potential in that type of spelling that they want to do. It is not like the other ten thousand market places there are now, it is kind of a new innovative way. So do I take every job that is an opportunity? No. I find staying home with the family – I come in here 9 to 5. That is what I enjoy. Now do I enjoy traveling? Obviously to the extent where I can help a company.

And that is a question is these companies – they see the value in a domain name and they want me to buy it or just kind of passively inquire on it. I don't take jobs that are kind of hunt down domain owners to send them a lawsuit to sue them as I had been approached to do. Most of it is just buying and selling, buying on their behalf.

Michael: Do these companies hear about you and they reach out to you directly? Or do you actually approach certain companies and say 'Hey it would be great if you did this? And I can help you with that'.

Justin: Never – no. I don't reach out to companies. Like I said I find it hard just to be willing to do in a day (and I'm not taking a five hour lunch) I mean just every day...I never reach out to them. Through different grapevines or something they have heard of me. And I don't do too many interviews like this. And I found that with my website it has kind of moved up over the years in Google to where that is kind of how they find me. Mainly it's just word of mouth. Or maybe they know another key manager that has contacted me about these types of services. But it's mainly like I said buying and selling in domain namer's mint to where a lot of these companies might (I won't give an example) but let's just say this company owns stocks.com. I've seen it multiple times. And they are cheapdogsareus.com.

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You know I've seen companies that don't really know what to do with their domain names that if you were taking – let's just say stocks.com (not an actual example) but it just doesn't resolve to anything. So a lot of companies will contact me about that kind of stuff. Whether it is something as simple as redirecting to their traffic or something as complex as buying their name over a long period of time because they don't want to spend a million dollars. They want to kind of make up a payment. They contact me about everything. Like I said I don't solicit myself to them. And I only do work for certain companies that will kind of do what I ask them to instead of wasting my time finding out they are doing what they want to do anyway.

Michael: And do you price your time based on an hourly rate with them or on a monthly retainer or on a major transaction? How do you typically work a deal like that?

Justin: Good question. It's a really complex thing to do. Mainly on my time I will have a certain rate that I may charge for certain services let's say. And that would be the rate that I would charge them. Am I going to fly out to New York City and stay there for two weeks on my own dime, no I'm not. I mean they are going to pay for it. But I am upfront with them from the get go. The day that I found out that knowledge is worth money (that was a great day of course) but it wasn't something that I wanted to pursue all the time. Traveling from one place to another. I work for a lot of these companies and it's a great time it also takes away from what I'm trying to do. Just in general the only time I will have to do my own work is when I get back to the hotel after I get done with a ten hour day with them. That is how I kind of price mine. Maybe my rate might go up this time because I have a lot of stuff going on but it is a tough thing to do to price a service like that.

Michael: In terms of revenue for your company do you find more of your revenue comes from buying and selling your own domain names or brokering other people's domain names?

Justin: It really changes.

Michael: It could go back and forth?

Justin: I would say yes it can definitely go back and forth but I would definitely say there is more money in reselling than there is in brokering any...I don't always charge a flat fee for brokering. I've actually kind of priced my brokerage fees on a purchase basis where...Now if somebody lists in my newsletter and I sell it 10%, because it is not just what you see on the surface. It's just not me listing his names on there and then just have a piña colada on the beach somewhere. A lot more work goes into that, negotiation. Really taking steps to ensure the sale goes through.

Now if it is a private sale and I have to seek out an end user or I have been flown places to complete deals and stuff. Things like that I don't price based on the parking spaces. Basically I would say there is more money resale. As long as you know what you are doing there is always going to be money in reselling a name. When I first got out in 2007 I was somewhat worried that I wasn't going to be able to maintain a family on a domain income but everybody has got their own niche. I sit here in my office, I am making deals every day. Other people blog. Other people just live off of ppc and counter presenting. Which I have never bought or sold names based

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on...I may mention traffic stats if the buyer/seller wants me to but from the get go, from early 2000 I never bought a name based on ppc. I thought it was the biggest – It could change any day. That is why I've always bought names based on monetary value. And monetary value alone.

Michael: And most of the names that you are buying and selling or brokering for other people do you find that they are brandables or do you find that they are keyword generics?

Justin: Always keyword generics. Sure does a brandable name sell here and there? I mean the odds, you can put any combination of letters/vowels together and create a brandable name. Like I bought vedoo V E D O O.com. I was like hey, it was old – a couple like ten years old or something and I bought it for \$15. Just because I liked the name, it was brandable.

Michael: Or dockshop you mentioned you bought and sold. It is a brandable domain name. Nobody is going to type in dockshop.

Justin: Right and the company that had bought that, if I can remember correctly it was some marine product that they built docks. One part of their website when I was kind of looking into them it just said dock shop on their website. And now I see that they put up some little link to the website up there, but yes they wanted the name dockshop and nobody else that I ever talked to would want to pay what they paid for it.

Michael: Just for the transcriptionist it is dockshop, is that what it was?

Justin: Yes dock.

Michael: And then the other example that you gave earlier was insurance blog that you picked up. That is a great keyword generic domain name.

Justin: I think, if I remember correctly insuranceblog.com was actually a broker name. And that was in the last couple weeks. But I love those blog names. Just because I own hundreds of names that I put websites on like let's just take snowmobilernews.com it was just some name that I picked up. I put an auto blog on. It populates itself a couple times a day. I use that feed on snowmobilers.com and through our Facebook snowmobilers.com or even on snowmobilernews.com had 250 fans on Facebook. And that is just a name that I picked up for \$30. And that generates revenue every day. I just like the blog names. Look how many people do the blog every day. Your blog, Domain Name Wire, Elliot's Blog and that is just in domaining world. I picked up three great blog names today and if you just have a great keyword in blog (you can turn any keyword name into a blog) but I think there is money in that. And like I said you just have to kind of know what you are looking for. I picked up snackblog.com the other day for a great price and I just love the name. It's snacks, junk food, anything like that.

You really have to diversify what you are doing to make money. You will wear yourself out trying to sell one name until you sell it. There was a time when I would probably do that when I didn't have any other names, but you really have to dabble in other things. If you have the money, like with snowmobile.com, I probably have thousands and thousands of dollars into it now but it started as a small investment and it is just a fun place for me to hang out online. You

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know we have group rides four or five times a winter. So the value in that for me is a lot more than what I have into it. I've been approached by, I've tried to sell it for maybe \$20-25 grand before I kind of read something into it – when I probably put a lot more money into it. It will take you to a point where you are either going to dump it or you are going to follow it through.

Michael: Do you pick up most of your domain names off the drop or you hand register them or are you going to an aftermarket and you are buying them for \$50-60? How would you say the split is?

Justin: No, the names that I hand register are like ones I saw in my newsletter. Those are just names that I hold onto. But like I said I diversify. I just look everywhere for names I just like to buy and sell. I don't think that the names that I am buying like dynadot.com I sell in my newsletter for \$15 grand or something. It isn't going to work that way. But names that I want to buy and hold I have an idea, like snackbar.com, when I picked that up on dnforum.com from a guy that I was listing with names and I just hold onto it. And one day if I get around to putting a thing up I'll put a sale up. One day somebody likes the name and wants to buy it then he will buy it.

I find that like dynadot.com on dnforum.com I never used to be one to go on there to look for names to sell because I just assumed that every domainer was on there and they have seen it for this price. But come to find out they are not. And I just like came out there and find names that I like that I can flip for a decent profit. Otherwise I just kind of troll the under \$100 section and there are some great deals in there. And I've listed names that I want to sell that I've been offered in the past for 5-6-7-8 hundred bucks. I just don't have the time to find the guy and see if he is still interested. I never used to be one that bought in the public spotlight. But lately I've kind of been buying - I buy a lot of dnforums to hold. I've bought from Go Daddy, tenminuteloans.com I picked up on at Go Daddy auctions. I just like the name. And bringing the goal I think can put one of my credit.com affiliates up and it makes money off of it. So I kind of buy everywhere. I'm not buying for \$50 to sell for \$20 thousand. If I am selling a name for \$15 thousand let's say I've got it for not too much less. I always want to give my buyer a good deal too.

Michael: Makes sense. Alright Justin you have given us a tremendous amount of information. We are over the hour point which I always try and keep under because some of our readers are saying that we are going too long, but it is so much good information that you have given us. So I want to finish with one last question. You have been through a lot in the domain name industry. What would you say was the hardest lesson for you to learn? Something you wished someone else would have explained to you in years prior? What would you pass along to a domainer that is not quite as experienced as yourself?

Justin: Tough question. I have kind of tailored by behavior around all the lessons I have learned I guess in domaining. But I guess there are two different things. When I took the plunge in buying a bigger name I realized that somebody like me when I buy aftermarket.com it was a complete and utter risk. It was everything I had built up to that point I put back on the line to try and make a profit. And I did make a profit, not as much as I wanted to but... So if that said wouldn't have happened I probably would have been eating Roman Noodles. So just don't be afraid to take that

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leap. If you think that you have found a name that you can make a decent profit off of that is what makes the market. You know what I mean? So nobody is going to buy a six figure name if nobody else is doing it. So you are kind of setting the market yourself. When I jump in with aftermarket.com if I didn't believe in the name I wouldn't have risked my family's savings on it. Just don't be afraid to do that. And I kind of had to talk my wife and I still go on occasion about names.

But I think the biggest thing about domaining is don't be afraid to take a chance. I mean you are not going to make money if you don't try. You are not going to make money by emailing me these names that you have registered at Dynadot yesterday for \$8 and pitching me for \$250 grand. Which happened the other day and that is what he did and I already had all these other offers. And you just kind of learn to sort through that. Was there a time in my life where I might have been naive enough to think that he had, like why would he lie about it? Just don't be afraid to take a risk. And don't be afraid to reach out to people to inquire about a name if you like it. Like aftermarket.com you have to track them down or just call them, fax them, whatever. I always do whatever I can to make contact with somebody.

Another lesson on the negative side was as you kind of progress in domaining you do create a lot of friends and a lot of enemies. I've learned my lesson a couple of times where if I mention it on a escrowdns.com is a company that I used to own – an escrow service. Found out about a fraud that was taking place actually through Lumber Liquidators a guy happened to work there. And long story short it was like \$200 thousand and I was the one that basically made a decision to turn them in because like I said I owned spns.com at one time. It came back on me and I knew about it...It is a business. Anybody involved in a business you know that. I was basically insulted, whatever, on domainnamewire.com where by people were saying we shouldn't have turned him in. We should have just let him do what he was doing. So that was a lesson to where that is why I'm not always putting myself out there on blogs. I enjoy what I'm doing here in Sheboygan, Wisconsin and making a decent profit at it.

Like I said that was more of a negative lesson where I even spoke with Andrew about it. Neither one of us could figure out why it was getting such a negative publicity. So when if you had been in my position to see that this guy was literally stealing \$200 thousand from a major company and I was at work every day trying to make a decent living and that was multiple things that went with it. And that was like I said a lesson learned to where you don't always just put yourself out there to let yourself be put out there to be criticized. So if I have the option to keep all that stuff private, what I have, maybe not, I don't know. Like I said you have to take things with a grain of salt. A lot of it is anger, jealousy. A lot of people that maybe they work at a restaurant during the day or something they are going to be envious of you that you don't have to do that anymore. You don't have to put in that hard work to get to the point...that you don't have to do that anymore. So that is just a lesson to learn.

Michael: Yes and a lot of people are much braver on the internet when they are hiding behind a handle than they are in person or by telephone. I find that if people don't have the guts to say something to you face to face they probably shouldn't say it online either. And I know I'll get criticized for saying that on a blog on DomainSherpa, but bring it on. I stand behind that and if you want to meet me some day I'd be happy to discuss it.

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Alright Justin. Thank you so much for your time. There were so many other things I wanted to ask you about I had in my notes. I wanted to ask you about dns and how you built that and so many other things. I'm appreciative that you took an hour plus out of your time to speak with me and let me ask you questions and share back with the domaining audience. Justin's company Domain Investments Services located online at differentinvestments.com. Justin if the audience wants to reach out to you and say thank you for sharing a lot of your knowledge with them how can they do that? Do you have a Twitter account or some other way for them to contact you?

Justin: I would just prefer an email. It's justin@differentinvestments.com.

Michael: Alright. Justin, thank you so much. I really appreciate you taking the time and thank you for doing today's interview.

Justin: Thank you.

Watch the full video at:

<http://www.domainsherpa.com/justin-godfrey-dis-interview>