

### The Story of the First Domainer of the Year - with Richard Lau

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<http://www.domainsherpa.com/richard-lau-ocean-interview/>

Rick Schwartz and Howard Neu run a conference every year called TRAFFIC. In October, they hosted this event in beautiful Florida and won the Industry's Most Cherished Awards. In 2004, they start the awards and today we have the very first Domainer of the Year joining us. Stay tuned to learn why he was inducted and how his domain name activities have changed over the past decade.

Three messages before today's interview educates and motivates you.

First, if you're a domain name investor, don't you have unique legal needs that require domain name technical know-how and industry experience? That's why you need David Weslow of Wiley Rein. Go search for David Weslow on DomainSherpa, watch his interview and you can see for yourself that he can clearly explain issues, can help you with buy/sell agreements, deal with website content issues and UDRP actions, and even help you write your website terms and conditions. David Weslow is the lawyer to call for Internet legal issues. See for yourself at NewMediaIP.com.

Second, managing multiple domain name marketplace and auction site accounts is a pain. Inevitably, you forget to sign into one and lose a great domain...or worse. Now imagine using a single, simple-to-use and comprehensive control panel to manage all your accounts. That's Protrada. You can setup search filters, analyze domains, automate bidding, list domains for sale, and buy domains across all major marketplaces. Protrada also has a new semantic engine that builds Google-friendly websites with rich content and network feeds. Sign up at Protrada.com to get 20 free credits and start building and monetizing your domains today.

Finally, if you have questions about domain names, where should you go to ask them? The answer is DNForum.com. Not only is DN Forum the largest domain name forum in the world, but it's the best. You can learn about domain names and the industry, buy and sell domain names, talk about

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domain name news, and meet other domainers just like yourself. Register for a free DN Forum account and begin advancing your skills and knowledge today. And when you do signup, send me a friend request so we can connect.

Here's your program.

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 and investor directly from the experts.

Today we are joined by Richard Lau. We are very fortunate to have a domain name entrepreneur and investor on the show who has done a tremendous amount in his career. He founded and ran on of the top thirty registrars in the world, he has amassed a domain name forensic background and rescued many high-value stolen domains such as RL.com, God.com, Religion.com, and others, and he is currently operating multiple online businesses with generic, category killer domain names.

Richard, welcome to the show.

Richard Lau: Thank you. Glad to be here.

Michael: There is so much to talk about with respect to your background and what your businesses are currently working on. For those that are relatively new to the domain name industry, there is a lot that they can learn and we only have forty-five minutes, so I appreciate your time. And I am going to apologize to anyone who knows Richard and wants him to talk about a specific subject in detail. Post your comments below and I promise to ask Richard to come back on the show for a second interview. But let's start with where you are now, Richard, and then we will go back in time. You have got a large portfolio, we know. You have been in the industry for a long time. If you had to pick your top three favorite undeveloped domain names - domain names that are just being parked right now or do not even resolve -, what would you think those three would be?

Richard: I love category-killing domains. I love generic domains. Some of the ones that pop out to me are Ocean.com. It is just such a beautiful brand and it is just waiting to be developed. It is not a category killer like one of the developed ones we have, which is Resume.com, but something that is a category killer that we have no developed yet is Hockey.com. So, fantastic domain. Hockey is not going to be renamed at any time in the near future. One of my favorites is actually a .NET, which is Music.net. And the other one is also a .NET. It is IN.net, which stands for India.

Michael: In.net.

Richard: Yeah, so we have got some big ones for that as well. But those are all undeveloped; just sitting. So many great properties to develop on and only so many resources and time.

Michael: And I want to ask you about how you manage your resources and your time, and I am going to ask you about .NETs too because you seem to have a pretty large .NET portfolio, but let me ask you first, of the domain names that you have developed, which are the ones that are your favorites? Clearly people pick the ones that they think could be the best businesses or get up and running quickly and start earning revenue. Which ones do your businesses operate that are up and running that are some of your favorites?

Richard: I really like BabelFish. It is our online fully functioning language translation website. That has a great story behind it as well, but we have got others such as OnlineRadioStations.com. iWhois is one of my favorites even though it does not generate a lot of revenue, but it is one that I used kind of like the shaver ad. It is one that I use. I love it so much I went out and re-bought it.

Michael: I think it is the hair club for men.

Richard: Yeah. So, don't need that just yet.

Michael: Yeah, so let me ask you about BabelFish because I was on the Internet back in the good old days. And I used to use Alta Vista all the time and BabelFish, I believed, was owned by Alta Vista?

Richard: That is a common misconception.

Michael: Okay.

Richard: BabelFish.Digital.com, and then Alta Vista bought Digital, and so then it was BabelFish.AltaVista.com. Then Alta Vista got purchased by Yahoo, and so then it was BabelFish.Yahoo.com. But it was never BabelFish.com.

Michael: Right. They never actually used the domain name that they owned.

Richard: So BabelFish.com was never owned by Alta Vista, Digital, or Yahoo. BabelFish.com has always been a standalone website.

Michael: Okay.

Richard: And so, it was actually launched as a full service translation website. I think the owner's name or the guy who was running it was Omar, and that never took off in terms of an offline language translation service. So, it became available and we purchased it, and we put onto the site what people were wanting.

Michael: What people expected.

Richard: Yeah. Before Alta Vista, BabelFish was language translation. It is an animated character from Hitchhiker's Guide to the Galaxy. So, it is not a product or a brand that Alta Vista or Digital or Yahoo came up with. And Yahoo does not even use that brand anymore.

Michael: Right.

Richard: So, it has been great for us. We are putting onto the site what people are looking for. It has got a great memorability. Old school guys.

Michael: Right, remember it. It is branded, yeah. How do you generate revenue from BabelFish.com?

Richard: It is all AdSense revenue. And we have had some language translation toolbars just to make it easier to translate an entire webpage, but yeah, most of the revenue is from Google. Google is a great partner.

Michael: Excellent. All right. And we will talk about iWhois as well, but you mentioned a couple of .NETs. Some great .NETs. IN.net. Music.net. In looking through some background documents about yourself and in your domains, I have noticed there are a lot of .NETs. Do you feel like you have a very heavy .NET portfolio?

Richard: Yeah, there are mixed feelings on .NET because you have got all the new gTLDs coming out. The new gTLDs, I think, will have a following. They have a place. I think that as more and more new gTLDs come out that the .COM version of whatever gets registered does increase in value. The domains like .NET, .ORG, .BIZ, and .INFO have a danger of falling in value. The great thing about .NET versus a .BIZ or a .INFO is that it stands for network. So, one of my companies is Ocean Networks, Inc. And so, that operates under Ocean.net. It is a perfect fit. We have got a Model.net. So, to operating a modeling network, it makes sense that it would be Model.net. So, if the Domain.net fits with the business concept, then it is a perfect fit and it actually retains its value or the value goes up.

Michael: Right.

Richard: So, that is what we have for IN.net. The plan is to create obviously a large Indian network.

Michael: Yeah, excellent. So, I want to go back in time now and I want to figure out how you got to where you are today with operating businesses; with websites that are based on advertising. We talked prior to the show that you are doing some leasing with investments that you have done. I want to figure out how you got here because a lot of people are entering the industry today or tomorrow and it is not as clear how you can become successful. How did you first become interested in the domain name industry?

Richard: Wow, we only have forty-five minutes.

Michael: I know.

Richard: That is a three-hour discussion that starts at 11PM and ends at 2AM. I can give you the short version, which is I was involved in a paging business and one of the partners in the business left to create an Internet dial-up business. And I was friends with some of the guys that were working for him. Friends were all young guys working together. And they actually started registering generic domains and told me about it. They registered IceCream.com. I mean it was really way back there, in 1995 and 1996. And so, I registered with a friend. We were like: "Hey, what is this Internet thing? And what is HTML? It looks like WordPerfect." Most people today would not remember what WordPerfect is, but it was a hypertext markup language. And so, we wanted to play around with it, and so we registered a gaggle of domains. Back then you could register domains and you would receive an invoice from the Internet, and then you could decide which ones to keep and you would send in the check, and the other ones would just get auto-deleted.

Michael: Right.

Richard: So we registered a whole bunch of domains around auto dealers, and so we had this concept of go into a local auto dealer and put his inventory online, and that could be out experiment of getting our feet wet on building a website. And shortly after we had registered these domains, Microsoft called us and said, "Hey, we are interested in one of your domains." And I did it with a friend and I was busy with the paging business, and so he was the one dealing with Microsoft. And it had been a couple months and I was like: "Whatever happened to that? Did we sell it to them or what is going on?" And he said, "Well, no, I want fifty thousand dollars and they want to offer us two."

Michael: This was way back when that you guys wanted fifty thousand dollars. Fifty thousand bucks for a domain name that you are paying a hundred bucks a year! That is a lot of money.

Richard: Yeah, so I was like: "Let me call and just step in, and let's see what is going on." So I called the guy at Microsoft and I was like: "Look, I would

like to buy a car, so tell me what your PO is. What is your PO limit?" And he was like: "Ten thousand dollars." I was like: "Perfect! Nine thousand and five hundred dollars. Do we have a deal?" And he said, "Absolutely." Just right on the spot he was like: "Absolutely, but it is just subject to a trademark search." They do a trademark search. It turns out there is a trademark owner in Toronto, Canada, so it killed it. But it made for an amazing story.

Michael: Yeah.

Richard: I mean, at the time, I was at the paging business, so I was either talking about pagers or talking about this new business - this new Internet. And so, because of that story, which never went anywhere with Microsoft, people started coming to me and saying: "Hey, how do I register a domain?" And so I set up a website where people could search for a domain name, fill in their information, and hit submit. And I wanted to get free lunches. That was my idea. It was like: "Hey, I will put \$19.95 on there, but I have got no way of collecting the money." So, I had a lander that had the \$19.95 crossed out and put zero, and put that under a subfolder called Friends. So, if you went to, at the time, DomainsDirect.com/Friends, you could search for a domain, register it, and you would then receive a paper invoice from the Internet, which was separate.

Michael: Right.

Richard: But at the time, your ISP would charge you a hundred to two hundred dollars for them to go through the process of searching for a domain name and registering it on your behalf.

Michael: Oh, got it, yeah. So, you were offering that search part for free.

Richard: For free for friends. And I set up this website in my spare time, so on the weekends, and that was really just a mail-to form. And so, then I got a couple emails from people, saying: "Dear Owner." They had looked up my information. And they were like: "We have used your service. We have registered the domain name. We have received our bill from the Internet, but how do we pay you the \$19.95?" I was like: "People are actually using the main page." There was no way of collecting. There was no payment

information because I still had a job and I had a (Unclear 13:31.0) duty to that job.

Michael: Right.

Richard: So, fast forward a little bit, I replied to those, saying: "Oh, it is just good karma."

Michael: This one is on me, yeah.

Richard: So, when the paging business ended, I took a look at this and I was like: "You know what? There is something here." And so, then I launched YourNameFree.com, which was that, but I got listed in Yahoo under the Directory Service. There was not a search engine back then. It was a directory. And offered email forwarding and website forwarding for a one-time fee of 49 dollars. And I had an ISP who would set that up for ten dollars. And at the time, I could only accept Visa, so I just collected all of the MasterCard information and put them to do the side. After about seven months, I think, it took me to get MasterCard approval. Then I went back and anyone who was still using it, I then charged them 49 dollars.

Michael: Yeah.

Richard: Sent them an email saying: "Oh, we forgot to charge your card." But that is how I got into the business.

Michael: Too funny.

Richard: And I do not know how that relates to people that are getting in today, but it is just like you put out a service that people want. You start with your friends and family, and you just go from there.

Michael: Yeah. So, basically, you undercut the competition in price. And by doing so and investing your time, you were able to learn a little bit more about the industry and what people had an interest in, what people were willing to pay for it even though you did not collect money at times, and it



helped you determine what was of value and what you might want to run in the future.

Richard: Exactly.

Michael: And in that case, you ran NamesDirect.com, YourNameFree.com, and you also had MyDomain.com. Is that correct?

Richard: That is correct. So I started YourNameFree all from scratch, and we were partnered with existing registrars. And so, then we decided: "Well, let's set up our own registrar," so that was NamesDirect. And so I think we were one of the first thirty registrars that were accredited when VeriSign was split into Network Solutions and VeriSign. And then we actually purchased MyDomain.com from Eric Woodward. And that was one of the largest free DNS services in the world, and it was hosting five hundred thousand domain names. And so, we bought that and we used it as a soft sell to NamesDirect, providing free email forwarding and URL forwarding services. And the soft sell was: "Hey, since you are here anyway, managing your domain name, why don't you let us have the renewal?"

Michael: Got you. So it was a loss leader. You paid for the infrastructure for that, you brought the people in who wanted something free, and then, while you had them there, you up-sold them on registration or moving their domains over to you, or what have you.

Richard: Exactly. And we grew that business to about a hundred thousand domain names. We merged with Name Zero, based in California.

Michael: So you started those companies in 1998, and then you merged with Name Zero in 2001. Is that correct?

Richard: Yes.

Michael: Okay. And so, when you merged, does that mean it is a bringing together of equals, or did they buy you out but you called it a merger, or did you buy them out? How did that work?

Richard: It was a mix. I had moved to Bermuda at the time, and so when you depart Canada, the tax guy takes a look and says: "Okay. Well, we think you are worth X dollars, so therefore your tax bill is Y." And so, we moved to Bermuda and, boy, it was a dizzying trip because we landed. GoDaddy launched. (Unclear 17:32.0) came out. The price dropped from thirty-five dollars a year to fifteen dollars a year, and so we went from making money to not making money, but we had a tax bill based on making money. And then, almost immediately, I was diagnosed with colon cancer and I had a three-month-old. No life insurance.

Michael: Wow.

Richard: The south saying tax bill. And then I was in the emergency room and our YourNameFree website was hacked and they wiped the servers. So, when it rains it pours, and it was just torrential. So, fast forward, it was stage A, so I just had surgery, but a lot of miracles. I thank God for what happened at that point in my life and what came out of it. The doctor said, "You need to stop working." I was working probably eighty to a hundred hours a week.

Michael: Wow.

Richard: There were many nights I would not go to sleep; just worked all night. And so, I needed to merge, and I had this tax bill hanging over me, and I was concerned about my family. So, I did not know if I would still make it out from the shadow of cancer. So I did a deal with Name Zero, where it was part cash to pay off almost all of the taxes that were due, and it was part paper stock, and then it was part IOU and they owed us some money. So, I moved to California and it was a real break. Going down to a forty-hour workweek was like a vacation, and living in California.

Michael: Right. The sun is always shining. The beaches are right around the corner. Yeah, it is like you are rejuvenated. Only working forty hours a week, you have a whole other lifetime to spend.

Richard: I was moving there from Bermuda, but I had only been to the beach in Bermuda probably half a dozen times in a year. So, to go to California and

kind of get my life back, get some rest, and just kind of look after my health while having somebody else work on the business was a real relief.

Michael: Yeah.

Richard: Fast forward a year, Name Zero started to have its own troubles, and so the value of the overall company had plummeted. And so, really, the assets of value were the assets that I had brought it. And so those got sold off, but I was a shareholder in the entire company; not just in my own assets. So, after that, I had moved back to Vancouver and really got a severance check. But you know, they say the best revenge is living well, so it was just like dust myself off and talk to the guys on Rick Schwartz's board. I had to put my hat out. If Rick Schwartz did not have a message board, I would not be sitting here today.

Michael: Huh, why is that?

Richard: I had been invited into Rick Schwartz's message board by Kevin Sinclair, and he had said, "There are a lot of guys on here that can really use your service." MyDomain was a free service. Domainers love free services. And so, I would just hop on and search for MyDomain.com and I would answer anyone that had an issue or complaint.

Michael: You would hop onto Rick's board and, anybody that had a question or complaint, you would address.

Richard: Yeah. So, I was just offering just high-level customer service.

Michael: Sure.

Richard: And so, after Name Zero, I went onto the message board and I said, "Guys, teach me what you guys do because you guys work from home. I have just come from managing sixty-five employees. I am jealous."

Michael: Right.

Richard: Tell me what you do and how you do it. And Steven (Unclear 21:36.0) took me under his wing. He was like: "Have you heard of the Overture Tool? You can plug in the domain name and it will correlate against the type-in traffic, and this is how you can determine a domain." This is brand new information, and so I jumped in with both feet. And I had nothing to lose. It was two years after cancer. I still was under the shadow, and so I just went for it.

Michael: So, at this point in your career, you have a ton of knowledge about the way the domain name industry works because you ran a registry, so you understood every process along the cycle. You had purchased some domain names, but most of your time, it sounds like, was tied up in your registrar - in MyDomain.com, in NamesDirect.com, and YourFreeName.com that was merged with Name Zero. And so, when that imploded and the money that you got went into your tax bill, it sounds like you were starting at ground zero again. Did you have money in the bank? Did you have domain names that you then used? So that is sort of the place where I think domain name investors come in today. I am at ground zero.

Richard: Yes. So, I was actually at subzero because I came back to Vancouver. Everyone slapped me on the back because they have seen I have gone to Bermuda. I have gone to California. I lived in the valley. I am coming back.

Michael: Good! Yeah, you sold a company. You had an exit. Yeah.

Richard: It looks that way from the outside, but on the inside, when you pull back the curtains, I had a severance check and I am back in the same place I was when I left. I am back in the same condo. And so, my wife, at this point, is looking and saying: "This domain stuff is not working out." But at the same time, I have got these guys on Rick's board and I am reading the board now. I was addicted. I just had it open and I was just reading every new post that came in.

Michael: Yeah.

Richard: And I have nothing but praise for Rick for having that. Like he has used the analogy of his living room. Well, it was like I was sleeping on his couch. I was in there all day and every night just reading. And the guys - it was a real family. They are your competitors, but once you have a domain, you can share the information on how to make money or giving you advice on how you find domain names. And so, I took my credit cards and I purchased domain names on my credit cards. This is like an article you see in Entrepreneur Magazine, but I used credit cards to buy domain names because my wife, no holds barred, was saying: "You cannot touch the little cash that we do have on this wild goose chase. That does not work for us." But I wanted to try the information that Steven and others were sharing, and so I took five thousand dollars on my credit cards and I purchased domain names.

Michael: And this was in what year?

Richard: This was in 2002.

Michael: 2002, okay.

Richard: And so, I bought domains on auction.

Michael: So, what kind of names would you buy for five thousand, or roughly how much were you paying per name?

Richard: I bought names as low as seventy-five dollars up into the couple hundred dollars, but what I was looking for is I was looking for domain names where someone else was already on. At the time, it was called GoTo.com. Today's equivalent would be Google. But people who were on GoTo.com, and they had a domain name - a keyword that they were going after - and I could have a domain name that I could purchase on auction and sell to them. So, I was flipping the domains as quickly as I could get them in. And then I had one domain. I cannot say what it is because it is under NDA, but I had one domain, which I was able to purchase on auction for seventy-five dollars. I connected up and it was getting a thousand business a day. I was like: "Wow!" So, I'm thinking: "Instead of selling it, why don't I sell the traffic?" So, I found out how much these guys were paying for keyword cost-

per-clicks. And one guy said, "I will pay you fifty dollars a day." I was like: "Bonanza!" And this is probably three weeks in, so a lot of luck.

Michael: So now you are starting to get some cash flow to put against the credit card advance that you just took.

Richard: Right. So now I hide from my wife.

Michael: Your wife is not divorcing you.

Richard: No, I am going to be able to pay off the credit card bill because of this. And at the same time, because I knew about all the registries and registrars and how WhoIS works, I knew that a lot of people were putting misleading information, but I was able to look at, using the tools that were out there - Domain Tools, Intelius -, and just try and find out what the real contact information was of the owners. So, I started to not buy on the auction sites because they did start to ramp up right around that time, and instead try and track down owners of domain names that I could see were under-monetized.

Michael: Right.

Richard: Not necessarily that was coming up for expiration because there were a lot of guys also doing that, but just domains that had no landing page.

Michael: Yeah. So, domains that were good that had a good amount of search volume on GoTo.com's search tool at the time, but either did not resolve or they just had a cheap personal website up, or that just were not being used to their full revenue potential.

Richard: Right.

Michael: And so, if they did not have the full contact information, like if it did not have their phone number, on the WhoIS, you might look up their name and their address or their city in Intelius and pay money to actually find their information and contact them?

Richard: Yeah, I read a book. It was about a skip tracer, and that is an old term. That is from the eighties or seventies. And that is someone who works for a collection agency and tracks down people who have skipped out on a payment. And this guy was a skip tracer and he was using his tools and knowledge in skiptracing to track down adopted children usually taken by a non-custodial parent. And so, as I am reading the book, I am like: "You know, I think there is some connection here to what I am somewhat doing in the domain business," and so I used some of his tricks and tips to kind of widen my net and not be afraid to pick up the phone, and just try and hunt for someone using their first name. You called someone who you think might be the brother of the owner and you are like: "Hey, it's Richard! I am calling from Canada! I am looking for David! Is he there?" And because you are calling casually, they think you might know him.

Michael: Right.

Richard: And it worked, and so I was able to land some very interesting sales. I established strong relationships with advertisers that I was leasing and renting domain names to. This is back in probably 2003, and then I became kind of their agent. I was their buyer agent. But instead of selling them the domains, I just added them to my portfolio and continued to lease the traffic to them on a zero click model. Now we call it zero click.

Michael: Right. Back then it was just--

Richard: Redirected. And at the time, because I had let go of MyDomain, it was merged in with Namezero. Namezero then ended up selling it to Dotster, which I think now is Domain.com. I had a very heavy NDA and non-compete, and so I had written Domain Manager and we used a completely different software. I just wanted there to be no possibility that someone could say: "Hey, you took the code from MyDomain." So we used all new software and different platforms. Instead of using (Unclear 30:48.4) DNS, we used Buying. Instead of using Oracle, we used MySQL. Etc. And in there, I had the counters. I was using this for my own portfolios. And then, after the non-compete ended, I opened it up to domainers to use, and a lot of people loved it.

Michael: Yeah, and it is still open till this day. So, I can go onto Domain Manager and it appears for free. I can manage my DNS, manage my email forward, and things like that.

Richard: Yeah. So, I am in an advisory role in that now. That is owned by (Unclear 31:23.7) in Toronto, but I am still actively involved. I am the advisory, especially on the new features. But yeah, it is a free model and eventually it will be premium. But until then, it has got unbelievable features packed in for free.

Michael: So, so many things I want to ask you about here, Richard. I have got to pick and choose. It is a phenomenal story. So, buying domain names on a credit card on the drop. Understanding who is paying for that traffic on Overture, because that is what the tool was at the time, it just showed you who was buying that advertising and how much search was happening for that phrase. Do you think any of that is reproducible today at the same magnitude that you were seeing back in 2002?

Richard: I think so because I am in forties now, and I have got two wonderful kids. I got my wife who I love, and I work from home. I am comfortable. So, I do not have it in me to work twelve or fifteen hours a day. But you get the young guys and they do. There are so many tools that are out there and available. Much more than what was available when I started, and so I think the plethora of information that is available, and advice and friendly competition that is available now, I wish I was starting now instead of back then. So, a lot of people say: "Oh, it is too late to start. You guys had it back then." You take a group of twelve people that were in the domain industry in 1996 and ten of them are still working 9-to-5 jobs. Only two of them have become successful domainers. So, it is the same today. I truly believe that if you just absorb all of the information from all of the bloggers - Elliot, Domain Shane, yourself, Morgan - as well as the domain forum, there is just so much information out there that you need to immerse yourself in, educate yourself, treat it like a school, and then you can see what your specialty is. My specialty was tracking down people who did not want to be found, and so then it was only me making them a lowball offer.

Michael: Right.



Richard: That worked for me. Merlin Kauffman - I have to share with you how I met him. On Rick's board, I was known for being able to track down people who owned domain names previously. So, if there was a stolen domain name, it was like: "Hey, let's ask Richard. Let's see what is going on." And someone nudged me and said, "Hey, this guy Merlin. He is ending up with some fantastic domains that are expiring or are just about to expire, or they have expired and they are just about to be deleted, and he is ending up with these names. Like they are not going to auction, so he must be stealing them." And I see this ad. I think it was in Domainer Magazine - print copy. And it was an ad of Merlin with his smiling face, saying: "Hey, I am Merlin. You want to talk domains? Contact me." I was like: "Who is this kid?" He is eighteen years old. He has got domains that are worth tens of thousands of dollars. And so, before I contacted Merlin, I am contacting the previous owners. I had been given a short list by another member, and so I am investigating and I am finding it hard to contact some of these guys, but not too difficult. I tracked them down on the phone. I get them and they are like: "Yeah, we know Merlin." I was like: "Well, so, what happened here?"

Michael: Yeah, they were not pissed off, like: "Yeah, that Merlin guy!"

Richard: Yeah, and I was like: "We are interested in finding out more about this before making an offer on the domains." And they were like: "Oh, yeah, well, we talked to Merlin and he seemed like a really good kid. And yeah, we just paid for the renewal and gave it to him."

Michael: What?

Richard: I almost fell over. But also, I did not want to make them feel badly for having that thing. So I did not want to say to them: "You just gave him a ten thousand dollar domain name that you paid for the renewal on and gave it to him." I mean Merlin is a charming guy and that is his specialty.

Michael: How the heck did he convince somebody to pay for a renewal and give him a domain name that was worth tens of thousands of dollars?

Richard: It is unbelievable. So, if you have not done an interview with Merlin, you got to get him on. And so, then, finally, I go back to the member who had asked me to investigate Merlin. I was like: "I cannot believe it. Like if someone was telling me this, I would not believe it, but I am the investigator here. I have never spoken to Merlin. This is what has happened. So, I am going to meet this guy."

Michael: That is hilarious. All right, I am going to get Merlin on and we are going to find out how he actually did that. So, if somebody were entering the domain industry today, Richard, they had ten thousand or twenty thousand dollars that they wanted to start investing. Yes, they need to go read all the blogs. Yes, Elliot, Morgan, Domain Chain - they all have great tips to share. What do you think is a great area to look at for somebody that is considering investing, knowing that everybody has their sort of specialties?

Richard: I think that if you take a dozen domainers across the United States, they got ten thousand dollars each, and they are equally talented and they are willing to put in the time, then I would say, well, what is going to differentiate each other from them is the location that they are currently in. So, I would say take a look at the geos that are in your area. So, if you live in San Diego, then maybe pick a vertical that you know. Maybe it is dentist. Maybe it is auto mechanics. But pick a vertical that you know and concentrate on the geo in that vertical, or in a number of different verticals. And then get to know the bricks and mortar companies and become a buyer's agent for them. So, help them either expand their domain portfolio. Get a better domain. Put them in connection with building a better website. Even if they have a domain that they are happy with, figure out what help they need, and then hang your shingle out as the domain guy. And then, when they are talking to someone - say you are a brand new dentist or you are a brand new auto - and they find somebody else in their circle that you are not going to be able to touch, they will be like: "Oh, I know who you should talk to. This guy can help you get setup with a website and a domain name." You cannot register a domain name for free anymore. You are paying a registration fee. Everyone now knows that to get a decent domain you have to pay for it. So, become that buyer's agent in your local for some specific niches. And you have to pass on that you are passionate about domain names, and that is what people will remember. But you also want to be helpful, even to people that

have an existing domain, so that they remember you as the guy to go to because they want to be able to seem like they are an expert to their friends.

Michael: Right, great advice. What investment or business have you made or have you run in the past where you felt like it taught you the most about the domain name industry?

Richard: Interesting. I mean there are so many lessons that I have learned in everything, but I think my days of running the registrar was long hours and it was difficult work, and domainers are demanding individuals, and so I would get calls twenty-four hours a day. And because I was selling the tools - I was providing the shovels -, I would get faced with all kinds of different challenges that people were facing. Whether it was selling a domain, developing the domain, or they were having a problem with setting up their domain, I have got that on the domainer's side. And then I have got the IP protection. Dealing with lawyers. Dealing with the FBI. Dealing with local police. Dealing with Visa and MasterCard. That was probably the biggest learning that I have done, but then going out to domain conferences and actually shaking hands with people, breaking bread with them, and just learning from people over meals and just building the relationship. I mean you just cannot downplay the value of meeting people.

Michael: Yeah, I am in full agreement. And I have only been going to conferences for a couple of years, since I have been in the domain name industry, Richard. When am I going to see you at a conference and which conference?

Richard: When I started, I went to the very first TRAFFIC Show. And I am not even sure if they called it TRAFFIC back then, but that was at the Four Seasons in Beverly Hills. And really it was just back-to-back meetings with a couple of presentations from fabulous and business opportunities that came out of breakfast. I am sitting down next to a guy and we ended up trading domain names because we were at breakfast together. And that is just not something that you are going to be able to do on a forum.

Michael: No, you are not.

Richard: There was actually one other conference before that that was a domain conference put on in New York, but it was a tiny, tiny domain conference. But I found that going to the conferences, going to the ICANN meetings, and just meeting with people and building your network, what I was able to do and what I think people still can do to this day is you build your network. And you are not only in it for yourself. You are in it for your network. So, I have an example. Overseer a few years ago came to me and said, "We have been trying to buy a domain from (Unclear 43:04.8), but he does not reply to us." I am like: "Well, they know that (Unclear 43:10.7) has been to my house for a barbecue. So, I can call (Unclear 43:14.4)." And so, then I negotiate a deal between the two of them. That is something that only happens because you are building and servicing your network.

Michael: Right.

Richard: And sometimes you do a deal and you get something for it, and sometimes you do a deal and you do not. But as long as you have the best intentions of the network when you are putting the people together, you can only win, because even if you do not get something out of that deal, they will remember you and include you on the next deal. So that is really something that I would encourage a newbie to do. It is kind of the advice of if you have lost your job, buy a suit and go hang out at the country club. No, that was back in the seventies. I do not know if that is still true today, but it is who you know. And your network - as long as you are bringing passion and integrity to it, it will work out.

Michael: Yeah. So, will you be at TRAFFIC Vegas this May or maybe October in Florida? Are you thinking about either of those conferences?

Richard: I am booked and registered for TRAFFIC Las Vegas.

Michael: All right! I will meet you there in person then. It is going to be a great event. All right, I need to ask you about a couple more things. I want to talk about DomainName.com, but first, on your LinkedIn profile, there was an entry there that I cannot just gloss over. I need to know about BaitCar.com.

Richard: Oh, okay.

Michael: Your profile says that you are a founding supporter. Isn't Bait Car that show that is on TV, where they bring up the pimped out car in the middle of like Downtown LA, they leave the car running, they leave the doors open, and they wait for somebody to get in it. They close the doors, they start driving off, and then, by like remote control, they kill the car and they lock the car doors, and there is a camera on the people the whole time. Is that what it is?

Richard: That is what it is, but the deal I did was far before the TV show. So, one of my best friends was running the Bait Car Program up here, in Canada, in B.C. And I saw some of the videos and he had the idea of putting it onto the web. And I said, "Well, you need to put it under BaitCar.com." And Frank owned BaitCar.com.

Michael: Frank Schilling.

Richard: Yeah, Frank Schilling. And so, I approached Frank and he said, "Well, if you make a donation to a charity of my choice, I will donate the domain name to the program." And this is an excellent example of networking. I went to a non-domainer who owned PEER 1. I said, "Hey, we have got this social project that we want to do. And the RCMP has a budget of zero dollars for this, so can you kick in some web hosting." And he said, "Not only will I kick in the web hosting, but I will find a developer."

Michael: Wow.

Richard: And so, he went out and got a developer and brought them in. And so, we developed this site, hosted the videos that had been edited by the RCMP, and promoted BaitCar.com. I mean I see vans and posters around town promoting BaitCar.com. And it received millions and millions of visitors, and it has been featured on CNN, far beyond just being humor. But that played a pivotal role in reducing car theft in B.C. by forty percent.

Michael: Wow.

Richard: Well, I mean car theft. To me, the reason I was so passionate about it and my friend really put me onto this is a stolen car is not just about property. It is about the guys who are dragged to death because they were trying to stop a stolen car when it was filling up for gas. It is about the guys who are in high-speed chases and killing innocent bystanders. So there is so much more that you can do, and you are using a domain name to do it. And so, that is a combination of domaining, networking, and social good. I mean I am involved in Water School as well. I think that there is a lot that domainers can bring and I encourage everyone to get involved. Whatever charity it is, I encourage everyone to get involved in just making the whole a better place.

Michael: Definitely. And you were very active in The Water School at TheWaterSchool.org in the past. Are you still on the Board of Directors for The Water School?

Richard: Yeah. Actually, about a year ago I took over as Executive Director. And it is not a position I intend on holding permanently, but the founders were fantastic guys and they wanted to retire, and so the Board of Directors got more involved. I took over as Executive Director and one of the other board members spends twelve weeks a year in Africa. No charge. Pays his own way.

Michael: Wow.

Richard: We have got passionate people. And we have got over sixty people in Africa - Uganda, Kenya. We have got a sister organization in Haiti. Over sixty people on the ground training, and we teach people how to disinfect water at point of use. So, without using chemicals or without using filters. Just using plastic water bottles.

Michael: Wow.

Richard: And the sun. It is UV light.

Michael: And you provide clean water at the school, so it encourages kids to go to school to get clean water and to get their education.

Richard: Right. And we want that to be passed out as well. We do village health teams that train in the village, and then in the slums as well. So, they have it at home. They have it at school. And the education system in Kenya, for example, in Uganda is free. So, it is Government paid, but if you are at home with dysentery or diarrhea, you cannot go to school.

Michael: Right.

Richard: And so, education is vitally important and water is the foundation step of all of the other NGOs or charities, or AIDS organizations, to build on. If the child does not survive past the age of five, you are not going to be able to teach them or help them. So, it is one of the biggest challenges; is water sanitation. So, we have a focus on solar disinfection, but it is tied up in an entire program - an education program - that covers health, and sanitation, and water disinfecting.

Michael: Yeah. Well, it is a fantastic organization. I know I have talked to Greg McNair a number of times. He is always supporting it at the events, and they are lucky to have you as the Executive Director. Richard, I want to ask you about another Richard as well. In 2010, you and Richard Kirkendall bought DomainName.com - the registrar, I believe, and customer base. Is that true?

Richard: Yes, that is right.

Michael: So, you are currently part owner in another domain name registrar. You just could not stay away from it.

Richard: Actually, I am well known for having started almost one hundred registrars.

Michael: Wow.

Richard: Yeah, so DomainName is one of them. But most of them are not fully retail registrars like DomainName.com is. Most of them are shell registrars that are used for drop catching.

Michael: And how many shell registrars for drop catching do you currently operate today?

Richard: I have my fingers in 57.

Michael: Wow! So you are still actively collecting domain names on the drop.

Richard: So, actually, no, there is a difference there. I am involved in running the companies, and then those are utilized by the likes of NameJet and SnapNames.

Michael: Oh, okay. So your companies operate the technology that others use to grab those domains.

Richard: Right. So, if I want a domain, I still need to go and saddle up into NameJet or SnapNames and submit my backorder.

Michael: Got you. All right, so why did you want to get back into retail registrar?

Richard: A lot of people look at domain names and sometimes you think: "Well, domain names. We have been doing this since 1998/1996. All of the domains are gone." We are still, I believe, on the infancy of domain names, and so the new gTLDs that are coming out - a lot of people downplay it or (Unclear 51:57.7) that, hey, you are not going to be able to be successful or only a few will survive. Not every single person has a domain name right now, and I believe that we will have not only domain names for every single individual, but people will have multiple domain names, and every single company will have dozens of domain names. I have to go back to one of the first presentations I did at a local conference. It was a marketing conference. It was Internet marketing and one of the sessions that I was brought in on was talking about domain names. And I was the only person talking about domain names at a three-day Internet marketing conference. And it was mostly to big corporations - Hewlett Packard, Xerox. There were a lot of large players there, and so I was talking to the IT engineers on my session because domaining was not the forefront of marketing back then. And so, I said,



"How many people own one domain name," and almost everybody put up their hand. How many people own two? There was like one-third. How many own three or more? And there was maybe four people in a room of one hundred. And so, then I started talking about registering defensive domains and I talked about the fact that there would be a secondary market, where people would buy and sell domains. And you could have cut the tension. There was so much outrage at the thought of the audacity of people buying a domain name and then selling it for more than the registration price. And I said, "Look, guys, we are the Wild West. We are selling land. The Government is giving away the land for free. And eventually there is going to be corner lots, and those lots will go for a premium." It was interesting to kind of reflect and look back on that - the secondary market, which today is the primary market. If you are a business, you want to be taken seriously. You are going to need to buy a domain name.

Michael: Right.

Richard: Even if you launch on a .CO or you launch on a word like Twitter, you eventually will need to buy it. You might have to wait until you are successful and have money, but you are going to need to buy your main domain. And so, today, trying to look five years into the future, what will the Internet look like in five years? Domain names, I believe, are here to stay. Yes, apps will have an impact on it, but the number of people that are coming on far outweigh the decline by alternate use or by apps. So, I do believe there is a tremendous amount of room for new gTLDs and for domain names for people and for things.

Michael: Here is the final question, Richard. Will those who own the .COMs continue to have their assets rise in value because it will always be the de facto extension, even though all those other extensions will continue to be used because more businesses come online every year, more people want domain names, etc.?

Richard: Absolutely. I mean I am a believer in the new gTLDs, but when someone launches their Barber.XYZ - whatever the new TLD is that they go with. And they launch and they become successful, and you are sitting down and you hear a radio ad - go to visit us at Barber.XYZ -, people will still type

in BarberXYZ.com, or they will just type in Barber.com. It is just ingrained in us. What I saw in the early days was people would type in Barber.com, Barber.net, Barber.org, and Barber.CCtLD - whatever country they are in. Now I think that they will type in the .COM, they will type in the .CA, and they will type in the gTLD that is relevant to the use. So that is where I come back to, hey, if you are operating a network, then they will type in the .NET.

Michael: Right.

Richard: If they are operating something that is in the travel business, then they might type in Barber.travel or Barber.com, and Barber.us or Barber.ca or .DE, but they will not really go beyond that. So, I think that the value of CCtLDs and the value of .COMs are going to go up. And I still think that there is a tremendous future from the new gTLDs, but I think that success of the new gTLDs will drive up the value of the .COM, the CCtLD, and then the use-relevant other generic TLD, whether it be .NET or .ORG.

Michael: Right. All right, Richard, there is still so many other things I want to ask you about. I want to be conscious of your time. You have given us a lot. I am going to ask you to come back another time. We will talk about forensics and how you tracked down phenomenal domain names, and helped with God.com or Religious.com, and how you actually got RL.com back, which is currently listed as you as the registrant or one of your companies. And we will also talk about Face.com, which was an interesting story, and maybe we will have some more information next time around. If nothing else, I will see you in May in Las Vegas. I am looking forward to meeting you in person. Richard, if people want to say thank you to you for having come on the show and for having shared your insights around what to do now if they are an investor, or how to focus locally, or just for the great stories that you told, what is the best way that they can do that? Are you on Twitter?

Richard: I find the best is I really like having LinkedIn, and so I would encourage people. I will give you my link. Just contact me through LinkedIn and I am always game for opening up and building my network.

Michael: Excellent.

Richard: So I invite everyone to contact me.

Michael: All right, we will put your LinkedIn connection on there.

Richard Lau, Domain Investor Extraordinary, I thank you. I want to be the first to thank you for coming on the show, sharing the details of your industry knowledge and experience, and thanks for being a Domain Sherpa.

Richard: It has been my pleasure. Thank you.

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

**Watch the full video at:**

<http://www.domainsherpa.com/richard-lau-ocean-interview/>