

### Becoming the Landlord of Your Domain Names - With Rick Schwartz

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<http://www.domainsherpa.com/rick-schwartz-jointventures-interview/>

Rick Schwartz has been a roll lately. He is promoting leases of his category-killer domain names, as he has been doing for years, and is seeing great traction. Today we are going to talk about his joint ventures business and how you can get in on the action, if you have the right domain names. Stay tuned.

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

## DomainSherpa.com: The Domain Name Authority

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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 be a successful domain name investor or online entrepreneur directly from the experts.

Some of us are fortunate enough to own some tremendous online properties - what people call category-killer domain names. And when I say some of us, I do not mean me. But what defines a category-killer domain name and how can you maximize the return on your investment?

Today we are joined by Rick Schwartz, a previous Domain Sherpa, Co-Founder of the TRAFFIC Conference, Founder and CEO of eRealEstate.com, a domaining icon, and the man known as The Domain King. Rick is going to share how he is maximizing his return on his investment and how we might be able to use his skills for mutual benefit. Rick, welcome back to the show.

Rick Schwartz: Thanks Michael. Thanks for having me. Looking forward to it.

Michael: Rick, JointVentures.com. You have owned it for years, but you have recently re-launched it with a long copy, sales oriented website about domain name leasing. What is the idea behind JointVentures.com?

Rick: Well, it kind of evolved because it was just something that I set up with Danny (Unclear 1:44.8) - a guy that I met back in April for the first time, where we had contact for the first time, and he had an idea. And it was just I had been sending my traffic to WorkSmarter.com, and he saw what I was doing and it was just something to solve a problem that I had. So, he obviously is an old school copywriter, as you can see, with some experience. And I was like: "Well, okay. Let's try marrying an old medium with a new medium and see what we have."

Michael: Yeah, and I love that about you. You are never afraid to try new things with your properties. So you just met him. You were talking about domain names and joint ventures came up, and you said: "Hey, I am an expert on long sales copy-type websites that many of us see on the web that are used today," and he said, "Let's work together on this and see if we can drive some more business for you on some joint ventures"?

Rick: More or less. He emailed me back in April and he told me he had been trying to contact me for a year or two. And we developed a conversation and I think by July we were kind of on target to do this test; and that is what we were calling it, and that is what it is. It is a test. We tried different things. Obviously, I have problems of my own that I want to solve; and that is where JointVentures came from. I mean I have domains that I know are worth thousands of dollars a month in the right hands, but I may be making thirty a month, or three dollars a month, or three thousand, or three hundred. Whatever the number is, I know it is the highest and best use of any property that I have. So, one by one, I am hoping to expand what I have done with Candy.com, and Property.com, and PunchBowl.com, and Love.com, and a few others that I cannot even mention, and at least a half a dozen that I am actively working on and putting agreements together that are long term. And you got to remember, again, strictly trying to fix a void in a problem that I had and then, all of a sudden, we realize, oh my goodness, this translates to so many different people. And we are not even opening until December 1st. And I think a couple of people blogged about it and the cat kind of got out of the bag and, before we knew it, we had people contacting us. And I did define what I am looking for. And the only domains that this is truly applicable for are category-defining domain names that you would see in a Yellow Pages. And I am sure everyone has bought (Unclear 4:41.2) from the old school, yo.

Michael: Well, yeah, you are old school, but you know what? I run a publishing site and half of my advertisers are still paying for their Yellow Pages ads. So, I think that is lost on a lot of people. You are defining it a certain way and majority of the world still defines it that way, even though we, on the Internet, have looked at it as being a dead industry.

Rick: Right. And if nothing else, at least it is a starting point. And many of the sectors that have been here for a very long time that probably are not going to go away that quickly and you may not have thought of, and it is just a great reference point. And of course, there are new terms coming out every single day. We probably could not even count how many new terms are coming out every single day.

Michael: Right. So, you said, "The time has come," Rick. You posted that on your blog. "The time has come for domain leasing to become more widely accepted and utilized by businesses." Why is now the time?

Rick: I have no clue. I mean it is true because this is not anything I have not been doing since 1997, when I did my first leasing deal, but the headwinds between 1997 and 2012 have been very strong when it comes to leasing. I mean I have been able to carve out a couple of nice deals, but the headwinds were strong. Now it has come to the point where I think people realize, okay, they are not going to be able to get these great domain names, but they have an idea; and if their idea hits, it is going to trump whatever the expense is. It is like my normal quote for just an off-the-cuff domain name would be maybe fifteen hundred dollars a month. And if that is an outrageous sum, I mean your idea is not capable of producing at least eighteen thousand dollars a year in profits? I mean at the end of the day that is a pretty low bar for a category defining domain name. So, I just see a correlation. And you saw where I posted the numbers on what real real estate is (Unclear 6:50.4) for; and these prices are astronomical. And when you look at what the small area of that Fifth Ave store can service compared to what a .COM can serve, it is like I must be missing something. But right now, after all these years, the resistance level to leasing a domain name for a fixed monthly fee is something that is palatable. Listen, it is hard to sell a 3.5 million dollar asset. It is not that hard to rent or sell ad space in your magazine for five thousand dollars a month for a year, or two years, or three years. And guess what? If the magazine ad really works, where else do you have the possibility to buy the magazine? I mean that is the beauty of it. I mean not everyone wants the magazine. They just want to lease it. They have an idea. It is going to work for X amount of years. Whatever it is. Everyone comes to you with different intentions and different motives, but there is opportunity there, which every way it goes there is opportunity and they get to define the opportunity; and if

their definition meets with what I am looking at and my vision, then we have a marriage. And like I said, it is just a lot easier to rent something for a couple of grand a month than it is to sell something for one million dollars.

Michael: Definitely. So, I look at analogies like that, Rick, and my next question was going to be what are the benefits to businesses. But before I ask you that question, I look at analogies like that and you say things like: "People will pay five thousand a year to be in a magazine, but they will not pay five thousand a years to lease a domain name," which is probably true in a majority of the cases. But paying five thousand dollars a year in advertising the magazine, the publisher is guaranteeing that that magazine will be in the hands of a reader. Whether they open it or not, whether they read the magazine, whether they look at your advertisement remains to be seen, but they are guaranteeing that. And when I pay one thousand dollars a square foot to be in Times Square - I think Times Square might even be more expensive than one thousand a square foot.

Rick: I think it is at twenty-one hundred a foot actually.

Michael: Twenty-one hundred, right. And Hong Kong is now the most expensive at like twenty-five or twenty-six hundred. Go to RicksBlog.com to Rick site the numbers there. When I look at that, you are basically guaranteed a certain number of people walking in front of your store to see that brand. And I think business owners are going to say: "If I buy Lawyer.com" - I will just throw that out - "I am going to have a great brand, but how many people are actually going to be walking by or getting my magazine?" And that remains to be seen. Maybe you can site some numbers on how many people type it in.

Rick: But wait a second. They do not walk by. It is your magazine. They walk in the door. The minute they type in Lawyers.com, that is your customer walking into the reception area. You are not advertising to them. You got a customer.

Michael: Right, but how many people are typing in Lawyers.com? If you ask anybody that owns a domain name, they either will not give you the information or the information just is not very good.

Rick: Well, usually when they will not give you the information, it is because it is zero.

Michael: Right.

Rick: So, let's start there. Usually it is zero. And there is no reason to give information to another domainer, okay? But I know from the domains I have. I mean look, Lawyers.com. I can guarantee you it gets if not hundreds and thousands of type-ins a day, if not tens of thousands of type-ins a day. So, now you have, again, your proverbial pizza stand. Do you want it in (Unclear 10:29.3) or do you want it on the boardwalk, where everyone is going on the Ferris wheel? And if you are talking about Lawyers.com, believe me, it is coming with qualified traffic all day every day guaranteed for as long as the Internet lasts, which is going to be longer than we last.

Michael: So, the comparison between domain names and the magazine or the location in Times Square, Rick, is you are saying that you are guaranteeing traffic. That when you lease a premium category-killer domain name, it is coming with some traffic. So, people are buying the traffic essentially, whether it is guaranteed or not. Like you give some figures and I am sure it fluctuates over time, but they get that traffic and they get the branding also of being able to promote such a simple domain name.

Rick: Right. Look, depending on the category, and the size of that category, and how targeted that particular domain name is, it is going to get anywhere from a few visitors a day - three, five, or ten, which has value, which right now is getting pissed away - or it could come with hundred, or even thousands, or tens of thousands. And I have all of them up and down the scale, so I understand it. I would say two of my least underperforming domains that I have had for many years are TradeShows.com and Specialities.com. Okay. Specialities.com. That is a large sector. It gets probably three hundred type-ins a day. Three hundred type-ins a day. It may virtually spit on PPC, but I cannot believe, in my pea brain, that a domain like Specialities in the right hands of someone that deals in specialties cannot increase their business and bring it to another level. And I take Specialities because that is one of the worst ones I have. It probably makes thirty cents a

day. Nine dollars a month. Come on. And TradeShows is another one. TradeShows goes through spurts. Sometimes it can make ten, twenty, thirty, or fifty dollars a day and sometimes it can make ten, twenty, thirty, or fifty cents a day.

Michael: Yeah, all right. So, I understand now, Rick, that you are basically leasing the traffic to them rather than sending it to some other site; rather than showing DomainParking ads on there, where you are getting a pitons for what is being collected or you are not able to monetize it. You are basically saying take the targeted traffic that is coming to that and lease it out to other people; and they should find benefit from that. If they are buying advertising, now they do not have to buy advertising or they do not have to buy as much advertising. They do not have to be beholden to Google's fluctuating ad rates.

Rick: Look, every business owner has to ask one question. How much is a new customer worth to me? That is a very simple question. I do not care what business you are in. How much is a new customer worth to me? How much is a new customer worth over the lifespan of that customer? Some of those can be five year, ten years, or forever. How much is the value of a customer? And that is what the type-in traffic offers. No matter what level or what category you are in, you have a pre-qualified person who obviously has not found what he is looking for at Google or anywhere else and he is forced to type it in. It is like: "Jeez, I cannot understand getting the same damn results all the time." I mean how many business rates do you want to pop up on your screen for god sakes? I mean I do my searches. I either get some silly site, or a guy who has mesothelioma and he is hitting the search engine. I mean people are frustrated. That is why you use type-ins to begin with. And it is human behavior. Just trying a new page or just trying to go directly and find something like that. There is a whole sub-culture of people that do that. Maybe it is because they grew up with the Yellow Pages. I do not know. But they did it with 800-numbers and they do it with .COMs. They do not do it too much with .whatevers though.

Michael: That is true. All right. Any other benefits to leasing a domain name versus purchasing a domain name that comes off the top of your head that you cite to people when you have a conversation with them?

Rick: Well, they are not going to like the price. First of all, when I answer an email, I do not sell domain names. I just do not do it. I am looking for something over that hump. I mean I have sold eighteen domain names now, but I am not looking to sell. So, I am looking for energy, and passion, and know-how. And sometimes it comes with them with money in their pockets and sometimes it just comes with the energy and the passion. More like the Candy.com guys. So, it is coming one way or the other. So, it is either an established company or it is a guy with a dream and an idea; and I like dreams and ideas. And they know they could never afford the domain name. They know it is gone, but that is the perfect domain name. There is only one piece of the puzzle that fits perfectly. I mean you can make lots of things fit, but only one fits perfectly. And some people - and to people, when we are in marketing - that is everything. That perfect piece of the puzzle.

Michael: Yeah, but people in marketing love their brand. They love to say that they are eToys.com. Not Toys.com.

Rick: But brand. Listen. That is where this is all crazy stuff. Branding is a result of sales. You do not go out to brand something. You brand it because you sold one million of your items; and everywhere you go, you have your brand out there because you sold one million items. Not because you told one million people your name and no one bought anything. That is why it is so screwed up. I mean think about it. It is the new math. I mean branding does not come down to that. I mean, look, a mega company can afford branding. What does that mean? That means a company like Tiffany or whatever company can afford to have a flag leader or store on Fifth Avenue, even if that store loses money, or the Gap, or Apple. That store is a flagship store. It can lose money. It is an advertisement. It is a billboard. They have five hundred other stores that can support it. So, there are lots of different reasons that people do things.

Michael: Yeah, definitely. All right. Before we get into the tactics here, Rick, and understand a little bit more, I want to make the comparison between real property and Internet property, or virtual property. So, property or land and then renting or leasing it. It has been around hundreds of years in the US; thousands of years around the world. Pretty much as long as land ownership has been around, it has been leased and rented. In contrast, domain name



properties have only been around for about twenty years. If I am going to buy a nice, well located, three hundred thousand dollar house on Bainbridge Island where I live, I have got a fairly good likelihood of leasing it out for about fifteen hundred dollars a month and getting a six percent annual return on my investment. That is pretty good in today's time. And maybe even a little bit more if the economy comes back in five years or so. And I know it is oversimplified because I have to pay property taxes, but I also get some deductions. But the property may appreciate. Maybe not in today's economy. How does a real property scenario compare to domain name property? I know that you have bought a lot of your domain names years ago - a decade ago; more than a decade ago -, but if somebody is spending three hundred thousand dollars today on a domain name, do you think that they can lease it out for fifteen hundred dollars per month relatively easily?

Rick: I do not think you can go in business today quite like that. Buy a domain for three hundred thousand dollars and lease it out. I don't think that works. But Mike Berkens bought a domain last year, or a couple years ago, at TRAFFIC and people did not think it was a very good domain name. But it was a category. It is called ThermalScanners.com. It is a category. It is medical. It happens to be a big, expensive category.

Michael: ThermalScanners.com.

Rick: Right. ThermalScanners. They have been around for about thirty years, or maybe a little bit more, but it is an important sector. And I think he bought it for one thousand or two thousand dollars. That is the kind of domain that I still buy to this day. Domains that are five hundred, one thousand, or two thousand dollars that I see that there is someone on the planet that could have a use for that, that could actually pay me one thousand or two thousand dollars a month. Buying a domain for three hundred thousand today and then thinking I can turn around and lease it, that is a much tougher bridge to get over and that is not our business model. But there are people that do have three hundred thousand dollar domain names that are not making any money with it; and this is an opportunity for them to at least have an end game.

Michael: Yeah, okay. So, it is not necessarily that the value that you are paying to be able to get a decent return on your investment. It has more to do

with what you mentioned earlier, which is the traffic that is coming to that domain name.

Rick: Yeah, it is all about traffic, and relevance, and if it is category defining. And there are new categories getting born all the time. I mean it is just a fact. There are new categories. I mean the Yellow Pages is the starting place, but if you were to see the Yellow Pages today in its current form, it would probably be like this huge because it is a different world. But that is a starting place. It is a starting place. So, you can visually see what is a category defining name look like. Look at the headings. That is where you start.

Michael: So let's talk about these category defining domain names. Plumbers is in there. Pest control is in there. Marketing is in there. But there are probably three hundred categories in the Yellow Pages; and you are not necessarily using that Yellow Pages as an exact description of the category defining words. You are saying if you can look in the Yellow Pages and if you were to update it for today, there might be different categories?

Rick: Well, no. Look, even in plumbers, you still have sub-categories of plumbers. What kind of plumber do you need? Do you need an outdoor? Do you need an indoor? Do you need a plumber for your pool? Do you need one for your heating or your air conditioning? There are sub-categories inside the categories. They all work. They all work. We know the better you target on the Internet the better you are going to do. So, they all work, but it is a starting point. It the difference between just putting a bunch of words and .COM and then actually seeing a category written down in the Yellow Pages and adding .COM. That is verified, validated, and you are going to have type-in traffic. If it is in there, you are going to have type-in traffic. Now it is just a matter of how much because it depends how big the audience is, how big the sector is, and how profitable it is.

Michael: Right. Okay, and I want to ask you about volume and being able to monetize it, and then how to determine a lease from that. But before we get there, you are saying category defining domain names and exact match .COMs. You are only .COM. It is not .whatever.

Rick: If it was single word, possibly on another extension. I would have to look at it on a domain-by-domain basis. But as a rule, .COM. .COM only. I mean I have various of the same domain with .COM, .TV, .ORG, .NET, and I know the numbers. And no one is going to lease the other ones. There is no market for it. Maybe there will be in another twenty years, but in this next twenty years I do not see it.

Michael: Yeah, all right. So, there are, let's say, five hundred categories or one thousand categories listed in the phonebook - Yellow Pages. All of them have been taken. So, people getting into investment today need to approach those people and purchase it off of them - and a lot of domain investors have unrealistic expectations for the pricing of their domain names or what have you -, but as you say, new categories are being defined every single day almost. So, if you look at Mike Berkens' example, ThermalScanners.com, I would not open the Yellow Pages today and probably see a category for Scanners and then a sub-category for Thermal. So, how do I know if a domain name is a category defining domain name using that example?

Rick: Well, you kind of got to know, but let me take a little bit further. I mean you have a category in the Yellow Pages, but now, with the new medium, you can also add New York Plumbers. So, now you become geo plumbers. You have New York plumbers. You have California plumbers. You have Miami Plumbers. So, there are huge amounts of opportunity inside of each sector. So, there you have MiamiPlumbers. Okay. It is definitely now as big as Plumbers.com, but it is absolutely more targeted. And if twenty-five people a day type in MiamiPlumbers.com, that is pretty good because I guarantee you the guy is not getting twenty-five calls a day from his Yellow Pages ad. Twenty-five customers a day is a lot of people if you are in business. We all talk about numbers. Oh, millions of hits. Let me tell you something. When you are sitting in a retail store on your ass all day long for twelve hours or sixteen hours and you get six or eight people in your store for the whole day, then you understand the value of a customer; then you understand why these people are blowing more sales than they are actually making, because they do not take those customers seriously. But when you have six customers in your door, believe me, when they leave and you did not sell them something, you are asking yourself: "Why didn't they buy something? Did I say something wrong? Did I have the item? Was my price

too expensive?" You do not just blow it off and say: "Oh, well" and go to the next guy. You do not do that. You really think: "Why did I not make the sale?"

Michael: I wish more business owners thought like you, Rick, because their customer service is not at a high point in a lot of businesses priorities. And if they did focus on the customers that walk in the door and focused on the sales, I think that a lot of people would appreciate how much work goes into a sale, and then looking at the five or ten leads that come through a website would have a lot more value as well.

Rick: Because they do not know value. Look, I am sure you have been at a cash register at a store, and you are giving the girl or the person the money to buy an item for one hundred dollars, the phone rings, and they drop you like a hot potato and they talk on the person on the phone. Are you kidding me? At least put the guy on hold, I will be with you in a minute, and grab your hundred dollars. You are more important. You are there. You are the customer. And who has not had that experience? I mean I am sure everyone watching this has had that happen to over the years.

Michael: Yeah, definitely. So, I am understanding that the volume that is coming through that domain name is the value. So, people are actually typing in MiamiPlumbers.com and going to that website. And if you were operating Joe's Plumbing out of Miami, directing them to your website and having a big phone number, or a contact form, or a "Text Me" or "Help, My Pipes Just Exploded" button would be a benefit because you are going to get more business from that; and you can justify that. But how do you, as the owner of MiamiPlumbers.com, Rick, for example, determine the lease amount for that.

Rick: First of all, I do not own MiamiPlumbers.com.

Michael: I know. That is why I say for example.

Rick: So, whoever owns it, I just made you some money. What was the question? I'm sorry.

Michael: No worries. So, how do you, as the fictitious owner of MiamiPlumbers.com, value the lease amount per month to a company in Miami?

Rick: I just look at retail space. How much does retail space in Miami go for? That is the first thing I am going to do. If a guy wants to open up a real world business - Brick and Mortar -, it is going to cost him one thousand bucks a month by accident. So, that is the parallel for me; and it always has been. Nothing else matters. There is a parallel there. And whether people are ready to accept the parallel, at some point, that parallel will intersect with reality.

Michael: Right. So, I get that. If I have a friend that is making beautiful purses. I actually have a friend that makes beautiful sort of organic purses out of used leftover pieces and they are beautiful. If she wants to go and get a retail space Downtown Bainbridge Island, she is going to pay at least one thousand dollars a month. And she wants to be in the foot traffic area, where people are walking by and they got the impulse buying. She can only be in one geographic area. She is not in Seattle. She is not in Miami. And so, that is tough. It limits it. Where if she owned Purses.com or owned the traffic coming into Purses, all of those people are potentially interested in her beautiful purses. But for the plumber in Miami, who does not have a retail space that buys the Yellow Page ad because he wants to be located there, that also has a website because he knows that he needs to have one, how do you figure out a value to him?

Rick: Well, it depends on his advertising model. At the end of the day, it is all about advertising. If he is a big billboard guy, for instance, some domains just look great on a billboard. Look, it is about the radio test, and being memorable, and easy to spell. You have to gear things to they say like a six to (Unclear 28:49.5) because that is the average spelling that the average person has. We do not spell well. It is just a fact. So, some things just look good on a billboard. So, someone could have an advertising program that that domain is just a perfect fit, and it is memorable, and it is easy to spell, and he knows it is going to increase his business. At the end of the day, that is the only reason anybody would be interested to begin with. It will increase his business. Word of mouth advertising, which you still do not hear much about on the Internet. You have likes and stuff. It is still the greatest medium in the world.

Word of mouth advertising. And my wife, Alina, had a great idea the other day for Facebook. You know where they have the likes? She said they should have a button for dislikes just as well. Great idea. I cannot believe they do not have a dislike button.

Michael: Yeah, all right.

Rick: I digress.

Michael: No. So, last time you were on Domain Sherpa, I think I titled the show Patience Is a Virtue That Leads to Millions. Your MO is to own your premium category defining domain names and just wait for the right opportunities to come. People will email you. They will say: "Hey Rick, how much for this domain?" You will say: "Not for sale." They will write back and say: "Come on Rick, can we do something?" You will say: "How about a lease?" And so, you will try and work it into a lease. And if you do so, you will try and get a piece of the equity, like you have done, I believe, on PropertyProperties.com.

Rick: Yes.

Michael: So, how do you, as the investor, decide if you are going to sell it, which you have done, you said, a number of times over the past twenty years, lease it, or sell it with a piece of equity?

Rick: Well, that is where the conversation come in. You email. You begin relationships. You begin a dialogue. They emailed you because they have an idea. They did not do it for their health. They had an idea. Well, at some point, you start laying your cards on the table hopefully. If not, then you just say: "Go to hell" and that is the end of it. But hopefully you have a more productive conversation; and I always say the best thing is just lay your cards on the table. Let's try to make the best hand with the cards that you have dealt and see how we can marry it together. And I find that that works well because they have an idea. They have a moneymaking idea. And my big job is to make sure it is not a lemonade stand; that it is a Budweiser. That it is a big idea. It is an idea worthy of the domain name. An idea worthy of the

Internet. An idea that has a potential to be much bigger than anyone can really anticipate.

Michael: And they are willing to actually tell you the idea because you have already said you are not going to sell it, and they might be worried that you want to find out what their big idea is so that you could charge them more for the domain name?

Rick: No, I do not think so. I think, at the end of the day, I have a need and they have a need. And, at the end of the day, little by little, it is just kind of like dating. You can just little by little and it just kind of gets there. And you develop a relationship. You develop a trust. And usually they will research me and they will find I am a no-bullshit guy and they will say: "Okay. Look, this is what I am looking to do. I have got no money, but I have an idea." Okay. That is a starting point. I can work with reality. I cannot work with any other nonsense. But they are like: "Look, this is what I got, this is where I am at, this is what I need, and this is what I think I can do, and this is how long I think it will take to be done." And then it is just I am a businessman and I have been doing it for a long time, and I usually have a pretty good idea. I mean I will throw obstacle at them. Well, have you thought about this? Have you thought about that? Well, if they come up with answers, then I know that it is well thought out. If they do not know, then okay, we can all have dreams.

Michael: Right. So, let's say that they come up with a halfway decent idea. You like it. Maybe it could take off. Maybe it will not. We have seen tons of businesses fail - most businesses fail over the years. You just cannot predict it in a lot of cases. How do you know whether you are going to sell it to them and take a piece of the equity or whether you are going to lease it to them for one thousand or two thousand dollars a month?

Rick: Well, each deal has their own parameters. There are things that everyone can do and cannot do; will do and will not do; what is important to them and what is important to me.

Michael: Okay. So, then they show up with one million dollars that they have gotten from their first round of funding and they may want to spend five hundred thousand on the domain. And you say: "Well, I could live with that

if I could get a piece of the equity going forward because I like who is backing you and I like your idea." You may decide that that is the way you want to go or you may just say: "Hey, fifteen hundred bucks and it is yours, and I will give you this amount of time to lease it before we renew the lease."

Rick: Well, what I could say is every domain is a unique asset and every answer would be around that particular unique asset, depending on what I envision as the highest and best use of it in the right hands. So, does that make sense?

Michael: It does, but I think a lot of people look at their domains and say: "Well, no one has contacted me in the past three years. I know it could be good in the right hands, but right now it has what feels like zero value because no one has contacted me about buying it."

Rick: Well, it probably is not a category defining domain name in the Yellow Pages. I mean at the end of the day, that is what we are focused on and because they are approached all the time. It is true that the valuations of most people are not going to match the valuation that I have, but I have a certain vision and the world has come closer to my view of the world than moved away from my view of the world. So, I can at least point to specific evidence. And then, when you start looking at those numbers for the retail, twenty-five hundred dollars a square foot? I mean it is (Unclear 35:15.1).

Michael: Yeah, and so that works well for maybe women's clothing, or Purses.com, or Shoes.com, or something like that. But Specialties.com, like you own. Specialties. I do not even know what Specialties.com would have on a website. So, I am just asking for clarification because I know every single deal is different, Rick, but unless we get into like the knots and bolts and show us a couple of example, people are not going to be able to internalize what you are saying; and that is what I want people to do. So, Specialties is a great domain name, clearly, but is it a category defining domain name in the Yellow Pages?

Rick: Of course. Matter of fact, there is a whole industry for specialties. I mean it is a large industry. All the little premiums that you get at Trade Shows that they have big catalogs, those are all specialties.



Michael: Oh, okay.

Rick: And that is just one group of specialties, but there is a whole Organization and Trade Show just to that industry of specialty.

Michael: Okay. Just my ignorance. I call those chackies, but I know chackies is in the Yellow Pages.

Rick: But no one knows how to spell chachkies.

Michael: That is right. All right. So, I understand Specialties. So, you are getting three hundred type-in per day. If I go to Google and I type in Specialty Items or Specialties, it probably has I don't know. I am just throwing out a wild guess. Maybe you know the number of the average cost per click to rank on Google? No. So, knowing that it has three hundred type-ins per day, how would you value that lease to somebody who wants to lease it? You have said in the past that it all depends on how much does it cost to acquire a customer. Do you start the conversation there?

Rick: No, I think it depends on their circumstance - what they are going to do with it, what is their idea, and how long is the term, and what is their exit strategy. Not all the people want to buy the domain name. They just want to lease it forever. I mean that is a big thing, but I would say that the single most surprising thing is that they want to lease it for ten, twenty, thirty years, and longer. But I do not want to lock myself in to a ten-year lease without a review because look, again, I will point to Hong Kong and Fifth Avenue, and these prices are going to move closer to those prices because, at the end of the day, that .COM could be more valuable than their store in Times Square, or Fifth Avenue, or wherever.

Michael: Right, and you are maintaining ownership of the .COM during a lease during. So, while they are building out their businesses and getting sales every day and having type in customers come to it, you are essentially increasing the value of your property as well. Just like in Times Square. As more people come in and more people make purchases, and the economic pool in Times Square increases, the value of the property increases.

Rick: Sure. The same thing or a restaurant that takes over a piece of land that has been vacant for fifty of years; all of a sudden he builds a restaurant. Okay, he may go out of business and the next guy takes over, but it is all based on circumstance. That is why everyone says: "Well, do you have a model lease?" Well, there is no model lease because every circumstance is going to be different. You have elements of the lease that are the same, but the circumstances for each are different. What they are looking for out of it is different. Look, the domainers and the personalities of each person is different. The bigger the risk the bigger the reward. So, if I am going to go with a guy that has no money, well, I want a bigger piece of the action because, hey, I am taking the risk.

Michael: Sure. Yeah, back in the boom days - pre-2000 -, when all these .COMs were getting funded and taken over, the landlords of all these properties were leasing them out for more and more money and taking larger deposits; enforcing the tenants to do all the tenant improvements that they wanted because they know, although they are getting ten thousand dollars a month right now from this .COM, they could be out of business tomorrow and then they have to go and refill it with somebody else. So, do they take ten thousand dollars with a .COM per month or do they get a business that has been operating for five years and get them in at seventy-five hundred and have a longer term; probably more conservative tenant?

Rick: Well, that is a decision that each business and business owner has to make with the conditions and the evolutions of what is going on.

Michael: Yeah.

Rick: I mean we would not even be having this conversation a few years ago because everyone would be laughing. "Oh, come on, this is ridiculous. You are just paying eight dollars a year for the domain name. Why would I possibly give you?" Well, the reason that you would possibly give me X amount of dollars is because it is in your self-interest to give me X amount of dollars. I am pissing away customers and they can be your customers, and then we get back to the original thing - how much is the value for each sector for a new customer, whether it be a one-time customer or a lifetime

customer? That is the question they need to ask. It has nothing to do with what I am asking or my price. It has to do with the answer to that question. And sometimes, the domain name. I mean look, I rag on SEO all the time, but I only rag on SEO because, if you have a parked domain, you do not start doing SEO. If you have a mini-site, it is kind of ridiculous to do SEO. On the other hand, if you have a real site, then there is no problem with SEO. That is part of the game. It is just how you look at it. So, some people know that those keywords are going to be very valuable to them.

Michael: Yeah, definitely. So, what kind of lease term do you look for on your domains, Rick? Do you always try and push for one-year lease with a renewal upon mutual agreement, or do you like five-year lease terms?

Rick: I would say, so far, most of the people have wanted longer term than I am willing to give. So, right now I would say three to five-year lease with an option for another three to five-years. But there has to be something to define the market because what is going to happen in the next three to five years is things are going to explode in value. And then, people are going to go: "Rick, so, I do not want to be leasing property at like a 1920 rate when it is 2020," so I have to protect myself against that. To me, it is just when it is going to happen, whether it is one year, or three years, or four years, or two years. I have been watching it from an embryo - from zero and no chance of it happening - to where we are basically at the doorstep of it happening. So, when that happens and it becomes accepted and people understand that, the prices are going to go through the roof because they are all paying through the nose through Google. When they are paying five, ten, or twenty-five dollars for one lead, are you kidding me?

Michael: So, business property leases. Like if I go physically lease a business location, I may lease it for three years initial term with the right upon mutual agreement to renew it for another three years. And there may be a clause that you, as the landlord, have the ability to raise the rent two percent per year, if you want, upon serving me notice. Things like that. Is that typically what you have done as well, or do you just wait for the end of the initial three to five-year term to readjust pricing?

Rick: Well, first of all, the two percent is a little low for me. No, again, given that the value is going to increase a lot the way I view life, most of the leases have a built-in fifteen to twenty-five percent, or even five hundred to one thousand to five thousand dollar monthly increments that it will go up after X amount of time. And look, at that point, we can always renegotiate. There is a market. It is like anything else. You can put any number you want, but after the five years, lotteries are just like if you had a shopping center lease and market conditions are bad. You are going to try and renegotiate for a lower lease rate; maybe for a longer term. On the other hand, if things are good, it could be the shoe is on the other foot. So, again, everything I do has a real world parallel. Every single thing I do is based on a real world parallel; and that is why I arrive at whatever conclusions and decisions I come to.

Michael: Sure. And so, if you are leasing a domain for, say, a five-year initial term, do you have a clause that says the lessor is responsible for paying that lease amount regardless of whether or not they use it or not? Or can they walk away at any point from the deal?

Rick: Well, anyone can walk away at any point. I mean a lease is a lease. People break leases all the time. I will say that in more higher value domains and deals that we use Escrow.com - that way everyone is protected -, they can either hold the paper for the transfer, or not if there is going to be a transfer. Or if there is a default in the rent, then they may or may not be involved with things.

Michael: Yeah. So, what is the process, Rick? You mentioned that you posted up an initial blog post about Joint Ventures and what you are trying to do with it. We have talked about what kinds of domains you are looking for. You said you got inundated with a bunch of people's lists, which were not category defining domain names. What is the process going forward? Do you want people to email you, and then what should they expect?

Rick: Well, I want them to understand what we are looking for. And I understand it is a sliver of the market, but that is the only place this is going to work. This is not going to work with other domains.

Michael: All right. So, let me make sure that I have got that defined because I do not want to waste your time. I do not want to come on here and promote you and what you are doing as well as educating the world on how you are doing it if they want to do it on their own. But I do not want to waste your time with a bunch of people contacting you after the show, saying: "Hey Rick, look at my three hundred premium category defining domain names that I just registered last week." So, it has got to be a category in the phonebook, or like a category in the phonebook. So, plumbers, and physicians, and optometrists, and things like that, but you will also tack-on certain descriptors, like Maryland or Seattle for the geos. But I think even more important to that is that you want traffic on those domain names. And if there is no traffic and it is not potentially in the Yellow Pages, then that is not a fit.

Rick: That is exactly right.

Michael: And those two criteria will eliminate ninety-nine percent of everybody emailing you domain names.

Rick: I know no one wants to hear about this, but it is all about type-in traffic, folks. I mean if not one person out of seven billion people can wake up in the morning and think of your domain name to type it in, whether it is once a day, once a week, once a month, or once a year, there is nothing there.

Michael: Okay. So, I emailed you when I asked you to come on the show and do this. And I emailed you one of my domain names because I wanted see if you would just say: "No, that does not fit at all." And I want to use more concrete examples because I know the data and I want to get your input on it; not that I want to promote anything that I own. But one of them was SEOConsultant.com. So, I know how much you hate SEO, but it is a growing industry.

Rick: It is an industry. Someone out there could say: "You know what? I want to be the SEO Consultant on the planet. I am the only one; and you know what? It has X amount of dollar value to me." So, I can put myself in the shoes of somebody needing or wanting a domain like that. Now, I do not want to sell or lease hundred dollar domain names. And I am not saying that

would be one. I think that could probably get more, but maybe it is a two hundred and fifty dollar a month domain name. How much is it worth to a guy that says: "Okay, I want to set up shop at SEOConsultant, and that is what I want to be known throughout the world"? Well, I think two hundred and fifty dollars is a pretty reasonable number, and maybe even a little bit more.

Michael: Now, you made that number. I did not even tell you any stats from Google. How much people are paying cost per click. I did not even tell you my traffic.

Rick: I do not need any stats. I know it is category defining. I know there is someone out there that could need it, could want it, and could desire it. It is a possibility. Just like I could look at 99% of other domains and say there is not a person on this earth that is ever going to need, want, or desire that. And I put a value on it. And then, after I do all that, I may go to Google and lookup and see how many searches it had. And I will look up to see who is advertising. If no one is advertising, it shows me this probably is not a very active category. And if one hundred people are advertising, it is like, oh my God, this is a treasure trove because, at the end of the day, it is all about differentiating ourselves from one another and from one business to another. And that is what domain names are about. How do I differentiate myself from the competition - from the next guy - and make myself more memorable? So, I could look at a list of one hundred domains and, in ten or twelve seconds, pick out the one that may have value or none at all. And I do not know how to explain it. It is just when I see it, I know it.

Michael: Well, see, that is funny because you say it is all about differentiation, which is branding. Like you want people to remember your brand. And just a minute ago, we were talking about the leads that are coming in. Like I know twenty people per day visit SEOConsultant.com. They may be looking for an SEO Consultant.

Rick: Right, and it is branding, but branding is not just your name. It is also sales. Branding is: "Oh, I use SEOConsultants.com." That is what branding is. Oh, who do you use for that? SEOConsultants.com. Opening up a page and seeing SEOConsultants.com on a banner. That is branding, but they get

branding mixed up with sales. It is sales. At the end of the day, you could brand yourself to death; if you never make any sales, you are dead, right?

Michael: Right.

Rick: On the other hand, you could have no brand; and if you have plenty of sales, you are living good. So, someone has got it upside down and it (Unclear 50.54.4) me.

Michael: Okay. So, let's talk about your process, Rick, because you are doing this with your own domain names. You said you are willing to do it for other people. I think I have a domain name. I email you. You take a look at it. You say: "Yes, it could define a category in the phonebook." Mike says it has got type-in traffic. You go to Google and you type it in; there are twenty people that are advertising for that phrase. You are like: "Hey, I think I could lease it out maybe one hundred dollars a month or two hundred and fifty dollars a month." Let's just assume for a moment that that is high enough for you to actually spend your time on. What is the next step on the process?

Rick: Well, look, again, like I said, every single deal is going to be unique. There will be no two deals alike. There will be deals that are similar, so we will have starting points. Obviously people want to lease it. Obviously they want to lease it for a term. Usually, the next step is for me to ask questions. How are you going to use it? What is your intent?

Michael: Okay. Let me back up for a second because I do not think I was clear enough, Rick. So, if I decide that I want to work with you, you are going to represent me and my domain name and you are going to get a lease deal done for me. Is that correct? Is that what you are suggesting at Joint Ventures?

Rick: Now, you are talking as the domain owner?

Michael: As the domain owner, right.

Rick: Yeah, I am going to put a value on your domain - what it is monthly - and yes, I am going to negotiate on you behalf. That is what you are getting

from Joint Ventures. You get me negotiating on your behalf and you know that I am not going to leave as much money on the table as a lot of people because I only want good deals. I do not need to make a deal so I can make a ten percent commission. I want long term revenue streams. So, if I do a deal on a domain for just one thousand dollars a month and that deal lasts ten or twenty years, I am getting a hell of a return for what I put in; and at the same time, you, as a domain owner, are getting a hell of a value because you are taking a domain that is probably making thirty cents a day and now it is making two hundred and fifty dollars a month, which is thirty times more than it was making. That is a good return.

Michael: Yeah, but how does the process work? Do I redirect all the traffic on SEOConsultant to JointVentures.com?

Rick: No, not at all. Not at all. I just want to list the domain name. Now, if the page is parked, you could do what I do, which is run a banner on top of the parked page that says: "This great domain may be available for lease or joint venture." And then, click here and it could go to JointVentures, and then we pitch them. Or it can even go to your email address and you can give me the lead.

Michael: Okay. So, I get the lead or I send it over to JointVentures.com and they contact you and say: "Hey, I am interested in leasing this domain name." Do I need to sign a contract with you that you are representing me, Rick?

Rick: Yeah.

Michael: You do? Okay.

Rick: Because it has to be some kind of a term. Do you want me to have the domain for six months or for a year? What happens if you sell it? It is best if it is not for sale. But if it is out there for sale, please have it at a very high price.

Michael: Right, because it makes the lease negotiation more palatable.

Rick: Yeah. So, it is much easier.



Michael: So, I, as the domain owner, would contact you. We would sign an agreement that you are representing me. We would get all the leads to you. You would negotiate on my behalf to lease it out. And then, do you do all the paper work? Do you sign the lease with the company that wants to lease it?

Rick: Yes, we go through the whole nine yards of all that. And when it is all done, depending on the transaction, we hold the paper. Look, it depends on who the people are involved also. So, we hold the paper or Escrow.com. Depending on what they want and what they are comfortable with. Most people just know the routine. As long as they get paid, the domain is pointed where they want it pointed and they are going to do whatever they want to do with it. And if they stop paying, it is going to not pointed there after a while.

Michael: Right. Okay. And for providing the service - negotiating on my behalf and monitoring the transaction -, I assume that you charge a commission for that.

Rick: We do it all for free.

Michael: I am in!

Rick: No, our fee is twenty percent, which is in line with what the auction houser gets and it is palatable. I mean, like I always say, everything is a formula. This is a palatable enough formula where your benefit is substantial, our benefit is noticeable, and at the same time, there is enough room in it where we can hire brokers to actively pursue end users and where they can make their five and ten percent, or we can have an affiliate program and they could make a few points. So, at the end of the day, that is what it is about and we think we have a good formula. Again, think about it. If you have a domain making thirty cents a day - nine dollars a month - and I am coming to you with a two hundred and fifty dollar client, I think you come \$191 ahead. Still a pretty good deal. And it is just a flat lease because, as we are leasing, there is an end game to it. They want to buy it. They want to pursue it. They want to know what happens if we hit a homerun. And that is where it gets really interesting, because that is where points are available. It is a startup. They need help, at the beginning, getting something off the ground; and one of the

biggest helps you can give them is a great category killer domain name that makes them maybe more important, or more impressive, or just gives them a little bit. It is like a feather and a fence. It just puts enough wind at the back just to get them over.

Michael: Yeah, definitely. What is the minimum lease amount per month that you would consider representing, Rick, to make it worth your while clearly?

Rick: I think probably five hundred, one thousand, or fifteen hundred. I do not know. Five hundred, not so much. I think one thousand to fifteen hundred and above. I envision some domains to be leased for tens of thousands of dollars a month.

Michael: Sure, yeah, clearly, if it is twenty thousand dollars a month. Or one thousand dollars a month - twelve thousand dollars a year. That is big enough where you could make a nice commission for negotiating over a long period of time and get your return on doing that negotiation, and the legal paper work, and setting it up with Escrow, and making sure all the money comes in every single month. There is a lot to be done a regular basis.

Rick: For anything to work, everyone has to come out a winner.

Michael: Right.

Rick: The minute there is one loser in the chain, everyone loses. So, you would come out of it as a winner because you may make ten, twenty, fifty, or one hundred times more than you were making. I come out a winner because I am creating opportunity out of thin air and walking away with twenty percent, and hopefully a big payday at the other thing because I like to construct deals like Candy.com and Property.com. I just like deals like that. And then, of course, the end user can be the biggest winner. So, everyone up and down the chain is a winner. And look, some of them are going to work and some of them are not going to work, but that is what life is about. It is just trying to make things happen. If you hit (Unclear 58:24.8), oh my goodness. i mean how many Facebook's do you have to hit in your life? You do not have to hit too many.

Michael: So, if I own SEOConsultant.com, I know I get a type-in traffic. I think that it could be a category in the phonebook, but I am not sure if the lease amount is one hundred dollars or one thousand dollars per month. I just do not have a good gut feel about that. Can I just email you directly, Rick, and ask you: "Hey Rick, does this one domain or these two domains meet your threshold?"

Rick: Listen, I would not even lock myself into the two hundred and fifty dollars a month because the first thing I have to do is study the sector. What does an SEO Consultant charge? So, how much is the value of that client? If you are getting five grand for an SEO Consultant, wait a second, that is not a two hundred and fifty dollar domain anymore. That is worth a lot more. So, as I look at each point of a domain name, I am looking at all kinds of different things because I am looking for the lifetime value of a new client. And an SEO Consultant, I mean okay. If you hit one out of twenty a day, what does that mean to a guy that is a true SEO Consultant that is going to get repeat business? I mean it can be worth much, much more.

Michael: So, is it fair for me to look at the sector and say: "Well, on Google, it has search volume in the US of, let's say, ten thousand. The average cost per click is sixteen dollars." So, I know, if I a customer is buying ads to advertise their SEO consulting for sixteen dollars a click, for every ten clicks, they are maybe going to get one lead through their website. So, it is one hundred and sixty dollars per lead then, and that one hundred and sixty dollars is probably going to turn into like a three to five thousand dollar contract over the course of the next year to two years. Is that a fair way for me to look at it, as an owner of a domain name, to try and see how much the lease value is?

Rick: Sure. Any metric that you can use to put any kind of a value whatsoever on it is going to be much closer than most people who are figuring right now because they are not putting that value on it. What is the potential lifetime value of a customer? That is one of the first questions I ever asked when I got online. What is the value of a click worth if I sell a twenty million dollar jet? I mean the value of a visitor is in direct proportion to the product or service you are selling. I said that from the very statement that I ever made online. And that is it. That is it. So, each sector I study what is the

value. Whatever it is. And I have hit all sectors. See, I can quantify this because I went from (Unclear 1:01:20.6) Candy to Property with millions of dollars to Porno. So, I stretch it out to the three (Unclear 1:01:27.6) in the world basically. And then, worked from there to try diamonds and all types of gold. All types of different sectors that I knew were profitable. That one sale could be huge. Huge! It could be almost life changing.

Michael: But what I want to know is once I know the value of a new customer. Let's say that I know Candy.com and I know a customer is going to come one time per year and they are going to spend two hundred dollars on average. Or I know that SEOConsultant is going to sell a contract for two thousand dollars a year. If I know the value of a customer, how do I take that and figure out the lease amount per month of that domain name?

Rick: You take a risk. Okay?

Michael: Okay, there is no formula.

Rick: As a businessman, you take a risk. So, one of the first listing we have is Rings.com. It gets ten thousand visitors in November and December. Okay? People looking for engagement risks. You take a risk. Okay, how do you take a risk? Well, you say: "Okay, I am a jewelry store." And I ask: Jeez, sixty thousand dollar a year for a domain - Rings.com - and I am going to get tens of thousands of visitors. Well, you know what? I am not going to strike out, like paying sixty thousand, okay? I am going to get some return. Now, the question is: Does my return hit the sixty thousand or does it far exceed the sixty thousand? Well, as business people, that is what it is all about. You gamble. Say: "You know what? I know enough about my business that, if I get one or two customers a day from that, I am going to clear my sixty grand with no problem, and I am going to make new clients, and I am going to do this, and I am going to do that." And guess what? If I am wrong and I really screw it up, then you know what? I still probably made thirty or forty grand and, okay, I lost ten or twenty grand. So, at the end of the year, I have a decision. Did I learn anything from losing the ten or twenty grand so that I can make it back the next year? Do I say: "Okay, I tried it. It did not work" or do I say: "Rick, those numbers do not work. But if I was leasing it for three thousand a month, then it works for me"? Okay. Well, that could be the

conversation too, where it is wildly successful and the guy only wants to lock me in for the next hundred years because those are the peoples. But yeah, a guy has to take a risk. I mean SEOConsultant. Let's say it is five hundred dollars a month. So, now it is six thousand dollars a year. So, tell me how good an SEO Consultant guy could be if he would not pony up six grand a year to let everyone know he is the guy on the Internet that is an SEO Consultant? It is really mindset. The only way you can make money is being prepared to lose the money. So, be willing to take the risk. And at the same time, you buy time, you exclude your competition from finding out what is going on, and you see if it works. And if it works, we are off to the races and it is life changing.

Michael: Right.

Rick: That is the point. It can be life changing. And the same guy that gave me Rings.com gave me Roofs.com and Slogans.com; and they are all category defining domain names, and that is what I want. And those are the only ones that will work. And I cannot promise anything to anyone else unless it meets that threshold. And that is what I will say. It is like a light switch. It is either on or off. There is really very little in between. It will either be attractive to a third party, where a third party will say: "Jeez, I could do something great with it if I only owned this domain name," or it will not.

Michael: So, when you sign a contract to represent those domain names for your client, Rick, do you proactively reach out to the companies that are advertising in that space to present them this lease opportunity? Or do you wait for inbound leads in order to market it?

Rick: Well, until now, it has always been inbound leads because I was in no rush and the market had not come to where I believed it would come to, but that is why we have enough of a spread in my formula, where we can hire proactive people; and there are enough people that are unemployed that can use five and ten percent. And this is not a hard sell. It is only a hard sell if you are selling crap. If you are selling crap, believe me, it is hard sell. But if you are selling something that has value - and you got to remember, selling a lease that may be only one thousand or two thousand or five thousand is not a high level decision. This is not where you have to go the Board of Directors.

The Advertising Department can make this decision. The Sales Department can make this decision. The Marketing Department can make this decision. Probably five other departments in a given entity can make this decision. And that has great value because, all of a sudden, all these obstacles are gone. It is not a decision that ten people have to agree on. It is one division has to agree on it.

Michael: Right. And if it is coming from the Marketing person or the Marketing budget, they can redirect that domain name to a landing page that is specific to it to gather leads. They can use it on billboards and in commercials, just like companies do for their Facebook profiles. And who knows if Facebook is going to be around in two years?

Rick: Look, they may lease a domain for one Super Bowl spot that they need for the year. They are going to only use that domain name. They want to know exactly. They need to measure exactly what the return is. And boom. So, you never know what someone else's need is.

Michael: Yeah. Do you offer a purchase option on every single lease or, again, it depends? Some people just want to lease it and they will just enter a three-year term and it has a lease amount.

Rick: There will be a percentage of people that will want some kind of purchase option, but not as much as you would think. And I tell them right out. The only way we can do that is I have to give you my inflated price of what I would sell that domain for right now, not even hesitating, and realizing the domain is going up in the future; not down in the future.

Michael: Right.

Rick: And look, they are absolutely free to disagree with me, but no one can point a gun at my head and make me do the deal because I believe a certain belief and that is it. That is what I believe. It has not been a problem because they know if it works. They want basically right of first refusal. That is probably the single biggest thing that they want. If next week someone comes along and wants to buy that domain name, they want the right of first refusal.

So, a bonafide offer. They would get, let's say, 48 or 72 hours to match or exceed the offer.

Michael: Yeah, that makes sense. How many domain names do you currently have leased through your portfolio, Rick? Not counting sales that you have equity in, but just pure leases.

Rick: Some of them do not go into effect until January, but I would say total right now about ten to twelve.

Michael: Wow.

Rick: So, you know it is something that I have been able to duplicate. I always say once does not count. Twice. (Unclear 1:09:17.3) is right twice a day. And you have to make at least the third sale to someone you do not know for anything to be valid.

Michael: Yeah. And what is the least amount that you are personally leasing your domains for per month? You do not need to name the domain, but do you know, offhand, the leased amount? I am trying to put some realism to it. Like if you said: "I am leasing one of my domain names for one hundred dollars a month," I do not want people to think that even the domain king only leases for fifteen hundred or ten thousand dollars a month.

Rick: Right now the lowest domain name is five hundred dollars a month.

Michael: Yeah, okay.

Rick: But that was one of my first deals too. So, I did not know what I was doing. So, he is getting a good deal.

Michael: All right. Before I even get to my final question here, Rick, I want to point out that I just attended the TRAFFIC Conference in October in Florida, had a great time like I did the previous year, and I wanted to mention that you have TRAFFIC coming up on sort of the West Coast - not really the West Coast, but closer to us on the West Coast - Las Vegas, May 29th through June 1st, which I am attending and I am looking forward to that event. And

hopefully, you will have a panel about leasing maybe during that event as well?

Rick: Well, that would be nice. Never even thought about it, but sounds good to me!

Michael: That would be great. And then, of course, if anybody is watching this interview and saying: "Oh, I wish Mike would have asked this and I feel uncomfortable asking Rick in the comments in public," buy your ticket now, it is the cheapest it is going to be for TRAFFIC Las Vegas, and get out there and you will have access to Rick. You can ask him all those personal questions. And I think that I love about your conference, Rick, is that everybody is so accessible there. If I want to sit down with you and I want to pick your brain about something, yeah, you are busy because you got a million things going on in the conference, but there is always time during happy hours or socials to have conversation like that.

Rick: Yeah, I think our attendees know each other for years. They know new faces. They go over to new faces. They spend their time. They want to know what they are doing. It is a very interesting group of very successful dynamic people that have come from many different backgrounds to converge on domaining; and that just makes it very special. I love it.

Michael: Yeah, me too. And as a newcomer, I agree with all of that. And people do come up and I have really enjoyed getting to know a lot of people in the industry and they are tremendously open. As we have seen here on DomainSherpa.com, where ask people to come in and share a lot of their past experiences. So, final question, Rick. In the next three years your stated goal is to have over one hundred leased domains making fifteen hundred dollars per month each; that is 1.5 million dollar per month revenue stream. Is JointVentures.com your vehicle for realizing this goal or do you think that the sales force that you are going to be hiring to lease out these domains is going to be critical? What is your game plan for going out and doing additional marketing and promotion to build up this business around leasing and joint ventures for domain names?



Rick: Well, first of all, the goal for one hundred leases was strictly before we even thought of doing this for anyone but myself.

Michael: Oh, really?

Rick: This was a personal goal of myself. It was to lease one hundred of my domain names by my twentieth anniversary, which gave me plenty of time to do and hopefully I would do it sooner than that. And that would have given me a pretty nice revenue stream every year. And it was probably a week or two after that, that we started, all of a sudden, we found that there was a demand from other domainers that say: "Jeez, this would really work for me." And that only came about because we started getting emails from people. "Jeez, do you have this type of traffic? Do you have this type of a domainer?" My portfolio was nothing there to (Unclear 1:13:31.3). It was like: "Okay, wait a second. I can use some other inventory here because we have the people. Now let's try to match them." So, that is how that came about.

Michael: Great. And now that I am thinking about it, I met a gentleman that has a fantastic portfolio. One that, when he told me some of the great domain names that he had, I could not believe it and I thought: "Well, I need to drop everything else I am doing and help build out some of these domains." I met him last year at your conference. I met him again this year at your conference and we caught up again. And I am going to give him a call and make sure that he knows that this video is out because he has had some difficulties monetizing these domain names, even though they are category defining. And I think they would be a perfect fit for this lease option that you are offering.

Rick: Well, that is why I think it is going to be such a winner, because I know there are so many guys out there that have these great domain names and their value is being locked up. And I know there is an end user for every great domain name. There may not be an end user for pigeon droppings, but there is definitely an end user for great domain names. And it is just about matching them up. Everything happens in time and people are getting more and more sophisticated, and they are really starting to pay attention to the numbers. As we go on to 2013, they have to pay attention to the numbers

because their entire livelihood and businesses are going to be at stake if they do not pay attention to the numbers.

Michael: Definitely. So, if I did not do as comprehensive a job asking questions of Rick and asking follow-up questions, please post your additional comments below the video and I will ask Rick to come and answer as many as he can. As always, if people want to follow you on Twitter, Rick, like I do, they can follow @DomainKing.

Rick Schwartz, Domain King, Founder of TargetedTraffic.com, and the TRAFFIC Conference of course, and eRealEstate.com, thank you for coming on the show again, presenting your experience and knowledge on leasing and monetizing domain names, and thank you for being a repeat Domain Sherpa.

Rick: Thank you so much for inviting me, and look forward to the next time. Keep it up. Keep up the good work. Thank you.

Michael: Thanks Rick. Thank you all for walking. We'll see you next time.

**Watch the full video at:**

<http://www.domainsherpa.com/rick-schwartz-jointventures-interview/>