

# **Sex.com creditors say domain's too hot for NY sale**

March 18 2010, By MEGAN K. SCOTT , Associated Press Writer

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(AP) -- The suitors for Sex.com have been put off for now.

An auction for the much-sought-after domain name was canceled Wednesday after three creditors filed a petition forcing the owner into bankruptcy.

Mike Mann, an investor with all three creditors, said the petition was filed to stop the auction. According to the petition, the creditors have a combined \$10.1 million claim.

Selling the domain name at an auction was not going to enhance its value, Mann said.

"It's gone way up in value," he said. "It's the most valuable domain in the world. They were throwing away the world's most valuable domain asset."

Escom LLC paid a reported \$12 million to \$14 million for the domain name in 2006, but the company was unable to repay the debt. The lender ordered the foreclosure sale.

The opening bid: \$1 million.

Richard Maltz, vice president of David R. Maltz & Co. Inc., which was handling the auction, said there was "considerable interest" in the domain name sale.

Maltz declined to give specifics on the interested parties. One of them was People for the Ethical Treatment of Animals, which sent a letter to the lender's lawyer asking him to urge his client to donate the domain name to them.

Males who consume meat, eggs and dairy products often suffer sexual side effects, according to PETA.

"Donating the domain to us is a win-win situation for everybody: Your client will enjoy an enormous tax write-off, and people will learn how to help spice up their love lives while helping animals," wrote Executive Vice President Tracy Reiman.

Like Mann, domain name experts believed Sex.com was going to be undervalued at the auction.

Jerry Nolte, owner of Domainer's Magazine, said that the site is worth between \$14 million and \$18 million, but that "the domain market has gone down significantly from what it was two years ago," though he said it is starting to rebound.

Kathy Nielsen, director of sales for domain marketplace Sedo, estimated it would go for \$6 million. She said there wasn't enough notice for interested parties to do due diligence.

"It's a great name to build a business on," she said, adding that sex is one of the top search terms on the Internet.

Mann said Escom was never given a chance to make its money back. The Sex.com site front page features links to things like "love horoscopes," "story of the day," "youtube video of the day" and "classifieds."

He wants Escom to be able to build the asset, though he acknowledged the domain name will probably be sold.

A bankruptcy court judge will decide the fate and timing of the domain name sale, said New York bankruptcy attorney Ira Herman, who's not involved in the case. It could take up to a year to be resolved, he said.

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