



**Tuesday, October 13<sup>th</sup>, 2020**

The Office of the CEO  
Attention: Mr. Dan Schulman  
2211 North First Street  
San Jose, CA 95131 USA

**Reference: Notice of Termination of Services**  
**Account: Epik Holdings, Inc. | [rob@epik.com](mailto:rob@epik.com) | [paypal@epik.com](mailto:paypal@epik.com)**

Good afternoon Mr. Schulman,

Please be advised that we have received notification from PayPal that our ICANN-accredited Domain Registrar is being officially deplatformed from future use of your services. This comes post nearly ten months of unusual correspondence and actions by PayPal through the year, that had prior seen your office intervene for full restoration of services in early June. I have been asked to review the communications that took place between PayPal and Epik over the course of 2020, with a view towards providing assistance and a possible pathway for reconciliation. Given the detailed and in-depth review of all factors and correspondence to date, the only conclusions I can reach is that this is either a horrific administrative mistake due to the automation of metrics and processing systems during a time of reduced staffing, or it constitutes the worst case of monopoly-based abuse of power I have personally witnessed.

In the event it turns out to be the latter, then I will have the responsibility of providing an explanation of your company's actions to the thousands of customers and small businesses who are going to be negatively impacted by your direct decision. As our domain company was also acknowledged this year as the "Best Registrar in the World" by over 900 peers and professionals in our industry, none of the actions and misleading communications that have been received by your various departments make sense. To an outside observer and the review team we have had run in assistance, the perception is that you attempted to grossly stack our reliance on services from you, simply to maximize the negative impact of payload delivery through unexpected service termination. This would appear to be well beyond any simple negligence of operations. In alignment with other various factors and circumstantial events related between PayPal and our own direct competitors, this looks like malfeasance and corruption, with the intent to inflict targeted harm at mass scale, and almost certainly an issue for antitrust authorities if your position is intended to stand.



page 2 of 6 – PayPal Correspondence Regarding Service Termination to Epik Holdings, Inc.

I must say though that – given the support you have vocally pledged towards helping small businesses get through COVID and this global pandemic – that none of the actions, correspondence, or ultimate determinations made by PayPal make sense. In fact, the documented approvals and offers to extend working capital loans, the aggressiveness of correspondence designed to encourage Epik to turn over all merchant and credit card processing to your division, the reassurances received direct from your own office representative in early June – all of it sits in stark contrast to the surprise judgement you have now harmfully rendered.

This is before we even address what looks like the intentional and inaccurate classification of our proven business model as a domain registrar, as a possible money laundering operation invoking compartmentalized handling procedures for convenient cover related to the Patriot Act. You have misclassified the operations of our company, ignored guidance otherwise regarding provisions that have nothing to do with our activities, and failed to recognize the services we offer and extend for the most basic registration of domain names. Epik has two very simple models as it relates to your platform: individuals use PayPal to pay for the registration and renewal of domain names, and if customers happen to sell through our marketplace (similar to GoDaddy's Afternic), then they can elect to receive those funds via PayPal if they have an account with you.

You have also grossly underestimated the depth and impact of the hardships that you now threaten to create, by eliminating the primary method that many thousands of customers have on file as their only listed payment mechanism to satisfy renewal requirements of critical domain properties. These are domain names that our customers utilize and rely upon to run their businesses, to operate their ecommerce platforms and online stores, to provide for their families, and in many cases feed their children. In a time of COVID no less, you would threaten to initiate service termination for a critical infrastructure provider, at a point where many thousands of customers around the world, some still subjected to restrictive conditions, may not even have current access to working email. Nor would they have ever expected that something as simple as relying upon an automated yearly renewal through PayPal would be disrupted. There is no planning for this or your dangerous actions.

The anonymous and unexpected notice of service termination received from your customer service team is simply unprecedented, and I believe one of the most singular egregious abuses of position, influence and critical infrastructure I have personally witnessed from the corporate world. After eleven years of positive account standing with you, compounded by a zero loss factor and near perfect mitigation against any fraudulent activity or chargebacks, you advise Epik that ***“PayPal has determined that we will no longer provide our services to you due to service risk. A business decision has been made to no longer process transactions on your behalf.”*** The rest of it in totality reads that ***“this is not a decision we make lightly, and we deeply regret any inconvenience or frustration this matter may cause you. This matter has been reviewed at length, this decision is final, and there will be no appeals to the decision”***.



**page 3 of 6 – PayPal Correspondence Regarding Service Termination to Epik Holdings, Inc.**

The first reasonable consideration should be clear: What major company would ever write a termination letter in this manner, using this disingenuous language, with no substance or form for communicated risk factors, no path for recovery, and a set expectation for no discussion, no appeal, and no routes for reversal? Post a positive relationship of over a decade no less, against the backdrop of your shared views on technology centralization, during a crisis of unthinkable proportions - leading up to just weeks before one of the most important elections in history. Again there is no precedent here for what it means for our future, if PayPal of all organizations, can simply choose who succeeds and who fails in your future version and vision of how the world should work. This is not why you were given your mandate, even given the assistance from the former administration.

This outlook is magnified by the completely inappropriate and non-business related questions that had been requested (and honored) for future service consideration, the inoperability of your CRM terminal during a pandemic, the unthinkable and total lack of access to live staff, and ultimately even the convenient deletion of entire batches of questions and records post reference to them. The service dialogues within your system were removed, as the goal posts were shifted repeatedly and with zero continuity for any achievable objective. It would appear that PayPal went out of their way to intentionally sabotage service provision, from a foundation of elitist arrogance that did not even once stop to consider how it would be viewed historically through captured screenshots, and the future testimony of those completing the administrative requests.

I would add further that many of the initial round of questions related to offshore numbered accounts, money transmission licenses, Patriot Act certificates, AML, external process flows, and other queries related to cross-border activities and law enforcement, were absolutely absurd, and well outside of any knowledge or experience we have as a domain registrar. This is on top of your requests asking for transparency of client and banking information for individuals who do not even utilize PayPal as their funding and purchase method. Furthermore, the high irregularities of your information requests for financial information on your own established customers, makes zero sense. This alone compounds the absurdity of your entire process to remove Epik services, as you provided demands for information regarding transactions of your own customer base, that only you would be aware of in terms of their scope, history, risk assessment, and personal interests.

I have never seen this degree of overreach, arrogance and assumption of rightful entitlement, or in what could be perceived as the intentional weaponization of a critical infrastructure element, with the intent to organize and cause direct and explicit harm to another US-based commercial organization. Again I would state: Epik sells domain names, most being .com addresses from Verisign, such as GoDaddy, Web.com, NameCheap, Dynadot, and other near-identical domain registrar models on the market. We have positive relationships and ongoing account transfer systems in place with all of these groups, with at least one of them making a concentrated and unsuccessful effort to try and purchase our registrar and holdings outright in 2020.



**page 4 of 6 – PayPal Correspondence Regarding Service Termination to Epik Holdings, Inc.**

In the interests of ensuring again that you have full and documented transparency, regarding the Epik business model as a domain registrar, and the core products and services that we provide, I would submit the following:

- Founded in 2009, Epik is considered a leading domain name registrar for entrepreneurs and business owners around the world. As an official ICANN-accredited domain registrar that offers new .COM, .NET, and .ORG web addresses, Epik offers more than 700 additional TLDs and gTLDs, and currently features more than 19 million domain names through its online marketplace. With a focus on premium domain names held by businesses, collectors, and investors alike, we serve more than one hundred thousand customers, and have roughly two million domain names under direct or premium management.
- With a strong engineering and development team, Epik is renowned for a number of unique and powerful market advantages in the industry, including our online user interface for domain management. Our system features several unique resources and tools not found anywhere else in the market, to include highly advanced metric systems, and the industry's only custom landing page editor that can create new SSL-protected websites for standalone sales activity in literally a few seconds.
- The largest competitors to Epik are GoDaddy and Web.com. GoDaddy has a public market cap of \$12 billion, while Web.com was acquired by Siris Capital for \$2 billion in 2018. Although Epik is smaller than the observed market leader GoDaddy, it is general acknowledged by domain investors and the industry alike that Epik's platform, customer service, management interface, pricing incentives, marketing programs, and landing page builders far surpass GoDaddy's antiquated system with no real comparison.
- As a clear public measurement, Epik was recognized in March as the worldwide "2020 Registrar of the Year", outpolling GoDaddy nearly 2:1 in a survey of over 900 domain industry professionals and technology peers. The 2020 Vote was the first time Epik won this award, and reflects notable investments in our domain management platform and interface over the prior two years.
- Epik's primary vendors are known as Domain Registries. For example, the .COM registry is operated by the publicly traded company Verisign. There are hundreds of successful registries operating around the world, of which .COM is by far the largest. Epik is accredited for 780 domain extensions, and has assembled one of the largest selections for digital options ever created for new web addresses. The accreditations allow Epik to directly sell these domain extensions with the most favorable economics, with all transactions being pre-paid at the point of retail by the individual end users.



page 5 of 6 – PayPal Correspondence Regarding Service Termination to Epik Holdings, Inc.

- With respects to risk mitigation and our past service interactions with PayPal, Epik maintains exceptional relationships and transactional histories with all of our customers. Nearly all sales are done on a cash and carry basis, with no external credit extensions by nature of the industry and product. Chargebacks are extremely rare, as the purchased asset is typically managed at Epik. The core of our accounting basis is focused on low cost inventory items that are controlled digitally, unable to be stolen, and typically have a cost basis of less than \$10 per unit in totality. The tiny percentage of consumer refunds that are processed yearly, are all done so in good faith as mostly backorder cancellations to acquire domains.
- Epik's growth has been steadily accelerating, with revenue doubling in 2019, and it is projected to double again in 2020, even in spite of COVID challenges. The driving force for this growth is the increased preference for Epik as a favored registrar by the market, most recently demonstrated by the "2020 Registrar of the Year" award. Technology advancements in our user interface, custom design editor, premium services division, and expanded customer service levels have helped to drive many new customers. Evolving marketing partnerships with platforms such as Twitter and Facebook have also helped to drive new awareness and rising market share.

As an overall risk assessment for our market sector, domain names and the Internet have been in mainstream use for 25 years, and there are currently more than 400 million domain names in operation. They are considered a core part of critical infrastructure, hence the propensity for indexes to provide higher valuation ratios for organizations anchored to this sector. There is no indication that the market will be slowing down anytime soon, and even during COVID market depressions, public companies such as GoDaddy went nearly untouched, as they still maintain positions near all-time highs for their value associations. In fact, the message and need for digital empowerment to counter possible retail / brick-and-mortar challenges has never been more important.

I would also note that in the past, we have watched as dishonest operators have registered domain names, or setup overnight hosting packages, to publish information that would be instantly classified internally here as hate speech and taken down. In some cases, major media articles and press coverage attacking Epik as a registrar, seemed to be already written and prepared for timed release, simply to produce and manufacture untrue narratives and grossly distorted rhetoric for public manipulation. Some also have wrongly classified us as hosting providers, while groups such as Cloudflare protect the identities of hundreds of individuals and websites that are spreading toxic and racist propaganda. There are also elements that would appear to be falsely producing content, to stimulate the appearance of organized racism and white nationalists, simply so that it can be utilized for fundraising, donor control, and to create identity-based narratives to manipulate and mislead others. All of it seems to be utilized for political purposes, with no concern for collateral damage, and an incredible tolerance and double standard regarding accountability for major tech firms.



page 6 of 6 – PayPal Correspondence Regarding Service Termination to Epik Holdings, Inc.

In the event that PayPal's actions are part of some secretive campaign to punish organizations it believes are part of a greater problem, I want to express unequivocally: Epik has zero tolerance towards racism, believes itself to be a force for good in the fight against inequality, and works faithfully every hour of every day to help lift others up in any way that we can. Our positioning as a registrar gives us great access to extend the power of love and compassion to everyone we deal with, and we take our commitments to make this world a better place very seriously. We have a team in fact setup with the very purpose of changing hearts, but we maintain and carry no tolerance for actions or content that encourage violence or genocide towards any group of people based on ethnicity, language, skin color, personal origin, or orientation. There is too much hate in this world, as there is likewise a great depth of manipulative action on the belief that centralized control by a handful of people is the best path forward. Very often though, they seem to be the same people that eagerly hide the actions of the worst elements of our world to protect their own interests, whether that is Hollywood mass molesting young people as a rite to passage, or turning a name like "Lolita Express" into a common expression, without even realizing it literally means obsession with the rape and molestation of twelve year girls.

It has been well documented now, to include input by even the co-founder of Wikipedia, as well as advisors of various intelligence services including the National Security Council, that Epik has been targeted and past labeled in horrifically unfair ways that did not reflect either its actions or its core beliefs. Some of your technology partners have literally banned and removed videos regarding free speech, simply so our management could be misquoted in an attempt to destroy them out of context, for the direct personal gain of others. I would most strongly invite and urge you to reconsider your own actions here, with the knowledge that if you elect to terminate and cancel our access to PayPal as a critical element of doing business in today's world, then you are directly harming thousands of individuals and organizations. I would also see it as a clear indicator that the tremendous responsibility and obligations to others you hold, given the power you yield and the incredible gift bestowed upon you through the success and market positioning of PayPal, is in fact not being honored.

If you would like to find out more about Epik, I would invite you to spend an hour or two going through our Twitter feed at [twitter.com/EpikDotCom](https://twitter.com/EpikDotCom), with focus on every post made since March 6<sup>th</sup> this year. We have archived many of our actions and activities to lift others up and empower them through this unique medium, and I believe you may find the chronology of videos and messaging quite inspiring. Otherwise, I hope to hear positively from your review and deliberations, and extend my appreciation and respect for your time.

Yours faithfully,

Robert Davis  
SVP of Strategy and Communications  
Direct: (815) 429-3254

Toll Free: 888-894-9026  
Tel: 425-366-8810  
[epik.com](http://epik.com)  
[twitter.com/EpikDotCom](https://twitter.com/EpikDotCom)