

Private equity group can't run charity-haven .org: ICANN

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The Internet Corporation for Assigned Names and Numbers (ICANN) has ruled against the bid

The agency that oversees internet addresses late Thursday rejected a controversial bid to let a private equity firm control the .org online neighborhood known as a haven for nonprofits.

Ethos Capital made a billion-dollar deal last year to buy the Public Interest Registry (PIR) from the Internet Society.

PIR is the registry for [website addresses](#) ending in .org.

However, Ethos needed the approval of the Internet Corporation for Assigned Names and Numbers (ICANN) to run the registry.

"It's an understatement to say our decision to reject this request followed an extensive review," ICANN board chairman Maarten Botterman said in a statement to AFP.

"This change of control request was extremely complex, in part because it included the conversion

of a not-for-profit organization to a for-profit that would be burdened with a \$360 million debt."

The top-level domain has more than 10.5 million registered website names, and is known as an online neighborhood for charities and public interest groups.

Groups with .org online addresses include the World Health Organization; the World Bank; the Red Cross; Doctors Without Borders, and the United Nations.

ICANN entrusted .org online addressing to PIR as a not-for-profit with a "fundamental public interest nature," according to Botterman.

"Transferring that control to a for-profit entity that has new and untested community engagement mechanisms to protect the .ORG community made it unreasonable for us to authorize that change," Botterman said.

Ethos called the ICANN decision a "dangerous precedent" and said it is evaluating its options.

"Today's action opens the door for ICANN to unilaterally reject future transfer requests based on agenda-driven pressure by outside parties," Ethos said in response to an AFP inquiry.

"This decision will suffocate innovation and deter future investment in the domain industry."

Ethos Capital was launched last year and details of its structure are not clear.

California attorney general Xavier Becerra sent ICANN a letter in April urging it to reject the application for Ethos to take over operating the .org registry.

Becerra described Ethos as a new company that appeared to be formed just to take control of the

.org registry.

The deal to buy the registry would burden the debt at a time of economic upheaval caused by the coronavirus pandemic, according to Becerra.

"Permitting Ethos Capital or any other business to take control of the registry, without clarity about the potential changes, poses meaningful concerns to the nonprofit community," Becerra said in the letter.

At its website, Ethos describes itself as a "new investment company firmly rooted in the belief that prosperity can be built and shared with all the stakeholders in our investment ecosystem.

The ".org" is one of the original top-level domains. PIR is the largest registry to be subject to a change of control process, and the proposed transfer was the most complex ICANN has ever reviewed, according to the internet address overseer.

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