

Young venture adventurer

By Robby Berman

Zachary Prensky – known to his friends as Zach – is a college dropout. Nevertheless, at the tender age of 27, due to an interesting series of events, he's a self-made millionaire many times over. "Baruch hashem [thank God], I've been lucky," says Prensky, talking from his midtown Manhattan office, Wellfleet Partners: a boutique venture capital and consulting firm.

domain name www.register.com. The original business plan called for building a Web site that under that name that would allow people to easily register domain names. Although the company couldn't collect money for the actual registration (registration fees were then exclusively the ownership of Network Solutions), the plan was to use the Web site as a way to advertise their own Web-hosting services.

"But when we built the site," says Prensky, for the first time breaking through

something worth fighting for. They lent me money [to get] through this tumultuous time."

Prensky hired a top-gun venture capital lawyer, Barry Goldstein, from O'Sullivan, Graev & Karabell. "The whole law firm was abuzz with my case not due to its nature but because of its venue."

The lawyers were to present the arguments not before a judge in a courtroom but rather in front of two rabbis at a *beit din* (religious court). Prensky chose this option because both he and his rival knew and trusted the rabbis. "Better to deal with the devil you know than the devil you don't," Prensky remarks.

The proceedings lasted six weeks and just before the verdict, the two sides agreed to settle. The result: Zachary retained much of his stock warrants but was forced to step down as a member of the board. "It was a tremendous display of providence by the *ribbino shel olam* [Master of the Universe]," says Prensky.

No longer a board member, Prensky was not legally obligated to sign what is known as a "lock-up" agreement. Once the company had gone public, Prensky would be allowed to sell all of his warrants at the current market price. And sell he did. Although he refuses to specify the amount of money he made from Register.com, reliable sources place the figure at more than \$7.5 million.

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Prensky's aunt – a UN translator who consistently tithed her earnings and squirreled it away in the form of securities – died and left her nephew with \$30,000 when he was still in high school.

"I took that money and started to invest in the stock market at an early age," reminisces Prensky. "I was doing so well for so long I decided to drop out of Yeshiva University after my junior year. And truthfully... I wasn't so happy that my stock profits were going to pay such an onerous tuition."

Prensky's family was slightly dismayed. His father, Wolf Prensky, has a Ph.D. in genetics and runs one of the largest diagnostic AIDS clinics in Manhattan; his mother, Riva, is a pediatrician and works as a medical supervisor for children's clinics in the Bronx; his younger brother is a dentist-in-training.

Zachary Prensky's decision to drop out of college was frowned upon but it was, by no means, the first time he bucked family tradition: Although his family is traditional, Prensky, during elementary school, became Orthodox.

Not long after he left Yeshiva University, his former high school rabbi (who also doubled as his hockey coach) introduced Prensky to someone who owned a Web-hosting company. Prensky came on board as an investor and active board member.

One of the company's assets was the

his reserved demeanor with a wide grin, "we received over 125 hits on the first day. We hadn't advertised at all and people just punched in www.register.com assuming there was a company out there."

Shortly after that, ICANN, a non-profit organization that was given the license to oversee the domain name business, opened up domain registration to five new companies besides Network Solutions on a trial basis. Register.com successfully fought to be one of them.

With more than half a million registrations (3,000 a day) to the tune of \$70 a pop, the company became a cash cow and the partners began talking about taking the company public.

"Going public used to be a way to inject cash into a company to help it grow, says Prensky, "But for the past few years it became an exit strategy... a way for investors to cash-out."

As sometimes happens when lots of money stands to be made, accusations were bandied about the company that some members of the firm were unfairly going to make more than others. Prensky and the other principal partner of Register.com, whom Prensky declines to name, locked horns in a legal battle that drained Prensky of \$400,000 in legal fees. Prensky felt his partner was trying to derive him of his warrants to the company. "I consulted with my parents and we all agreed this was

HIS WINDFALL from the public offering of Register.com benefited his parents and friends, and he was able to pay for the services of the rabbis of the religious court in stock. Prensky's largesse also extended to his alma mater, Neveh Zion Yeshiva in Jerusalem, and his Manhattan synagogue, Ohav Zedek. He also founded the Prensky Family Foundation in Israel that gives small interest-free loans to yeshiva graduates who wish to start their own businesses. Information about the fund can be found by contacting zp@wellfleetpartners.com.

In an ironic twist of fate, five days before the two business partners had declared war on each other, Prensky's opponent-to-be introduced Prensky to his 20-year-old second cousin, Eileen Katz. Luck and love struck Prensky and the wedding took place in August; Eileen's second cousin didn't show.

In a move that raised eyebrows, and was covered by the real estate section of the *New York Times*, Prensky and his wife bought an apartment on the outskirts of the Upper West Side for \$600,000. At the time, it was considered an undesirable neighborhood. Since then, however, the area has changed for the better and the apartment has gone up in value.

Prensky has so far made 15 private investments and has been involved with four of them going public: Register.com, Go America, AB Watley, and Genesis Direct; all but the last were hi-tech companies.

Where's the next stop for this 27-year-old wonderboy? "Now that the market has come way down and is extremely undervalued, Wellfleet Partners is opening a Hedge Fund to invest in the public markets."

If Prensky's investment history is any indication of future performance, investors of his Hedge Fund should hold fast to the gunwales: Most likely it will be one hell of a ride.