

Buyers Can Meet UP With Sellers On MerchantPortfolios.com Site

By Bill Grabarek

MerchantPortfolios.com, A Boston-based brokerage company, last week unveiled a Web site, www.merchantportfolios.com, for buyers and sellers of merchant-processing portfolios, ATM portfolios, residuals and independent sales organizations.

Typically, portfolio sellers contact a few potential buyers and try to negotiate the best deal, according to Lane Gordon, a MerchantPortfolios.com partner and former investor director at Quincy, Mass.-based payments processor Pipeline Data Inc. Sellers pay MerchantPortfolios.com a percentage of the sale price for listing their portfolios on the site, according to the company.

“We realized the best thing we could do for the seller and buyer was to expose these portfolios to as many people as possible,” Gordon tells *ISO&Agent Weekly*.

The theory is that a portfolio will command a higher price with a larger pool of potential buyers.

ISOs might sell their portfolios to generate cash to expand the business, draw out money for other business purposes or for personal reasons, such as retirement or to pay for a major expense.

Besides providing a forum for portfolio sales, MerchantPortfolios.com verifies and evaluates potential buyers and their offers.

“One of the values we provide is identifying whether this buyer or bidder is a real entity and has the funds and capabilities to consummate a transaction,” Gordon says.

Is There A Need?

Gordon likens his Web site to the exposure homes receive when posted to real estate Web sites. He says homeowners who contract with a real-estate agent are selling to a much-larger audience than the person who tries to sell a house on his own—the only potential buyers may be the handful who drive by the house and see the For Sale sign.

However, Mark Dunn, president of Hartland, Wis.-based consultancy FieldGuide Enterprises LLC, questions whether the market for portfolios is as inefficient as the housing market and doubts the need for a third party to match buyer with seller.

“What remains to be seen is, ‘Do buyers and sellers need an intermediary?’ The fact is many of the buyers have direct access to the seller,” Dunn tells *ISO&Agent Weekly*. “I don’t think the buyers are hidden. I think they are out there soliciting.”

Dunn adds that “most people who build a portfolio are going to be hands-on enough to want to sell it themselves.”

Harold Montgomery, CEO of Dallas-based Calplan Inc., also seems unsure of the need for the services Merchant-Portfolios.com provides.

“The assumption here is there are a lot of relatively small portfolios who want to achieve liquidity or some other capital transaction and who to go to for that,” Montgomery tells *ISO&Agent Weekly*.

Calplan once was an ISO but has switched to financing ISOs, which often includes acquiring agent-residuals portfolios.

“And the sister assumption is that there is a pool of capital sources out there that can’t find those smaller portfolios, he says. “In my experience, the market doesn’t necessarily suffer from this particular set of handicaps.”

That said, Montgomery has book-marked the Web site.

“This is a great way to get buyer and seller in touch with one another if other media don’t work,” Montgomery says. “We generate deals from a variety of different sources. I will undoubtedly be looking at [the Web site].”

Sounds Great, In Theory

Vaden Landers, CEO of Franklin, Tenn.-based ProfitPoint Inc., agrees Merchant-Portfolios.com could be a great idea. ProfitPoint is an ISO that markets noncash payment products and services to small and medium-sized retailers and restaurants.

“Any time you can create a bidding war, you’re going to drive the price up,” he says. “There’s no question about that.”

But, the unknowns that shroud the company and its services give Landers pause. “I don’t know who they are,” he says. “I don’t know their track record. The concept, in theory, sounds great. But, we in the merchant services community need to know more about what they do and what their track record is to make a determination as to whether that is going to be a valuable service for us to use.”

Gordon and MerchantPortfolios.com know they face challenges. He says they are beginning an aggressive marketing campaign. “The goal is to bring inventory to the site because we know we can bring buyers all day long.” Gordon says.