

THE EXCLUSIONARY SILICON VALLEY GAY FRAT BOY MAFIA

I was inspired to write this post due to a certain IPO that occurred in my neighborhood last week...

An interesting facet of the start-up scene out here is the rise of "mafias" built upon the financial success of a select few companies. The "original" mafia was formed around PayPal, which "lumped together incredible minds to form one of the world's most important companies and whose alumni are now founders and/or financiers of some of the most disruptive new technology companies today." **In this spirit, success tends to breed (and fund) success.**

Focusing on the founders of Facebook now, we see a list of individuals who have gone on to found several successful companies as well as invest their personal funds in a number of other startups. A brief overview:

- Dustin Moskovitz - Facebook Stake: 7.6% ~\$6.5 Billion - Founder of Asana, a project management platform built around collaboration.
- Eduardo Saverin - Facebook Stake: 4% ~\$3.4 Billion - Investor in Qwiki, a novel social network; Investor in Jumio, a mobile payment platform build around credit card recognition technology.
- Sean Parker - Facebook Stake: 4% ~\$3.4 Billion - Managing Partner of [Founders Fund](#), a well-known angel fund out here that has given many a startup (including a personal friend of mine's) seed funding.

- Peter Thiel - Facebook Stake: 2.5% ~2.13 Billion - The original "Godfather," Peter Thiel has provided funding for or advised almost every big name today including YouTube, Paypal, and LinkedIn. In addition, he serves as a Managing Partner of Founder's Fund along with Sean Parker.
- Chris Hughes - Part of Facebook's founding team, Chris went on to found 501(c)(3) Jumo, which sold to GOOD last year.
- Adam D'Angelo and Charlie Cheever - Both were early Facebook technology officers who went on to found Silicon Valley darling Quora.
- Jeff Hammerbacher - Now Chief Scientist at Cloudera, Jeff conceived, built, and led the Data team at Facebook before becoming Entrepreneur in Residence at [Accel Partners](#).

The list goes on...and it can be reasonably expected that the ~1,000 millionaires minted today will be ready to throw their newfound wealth around out here (if they have anything left after completely disrupting the Palo Alto housing market, that is).

The point is, if you follow the mafia members, the people who were a part of the explosively successful startups mentioned above (explosively meaning no revenue to \$1.5 Billion sale to eBay in 24 months in the case of PayPal), you see that these people were part of dynamic, trusting, visionary teams that, as a result of their success, threw any chance of them ever working at a normal job again out the window. Uber-successful founders are of a different breed than CEOs; it seems that anything they touch turns to gold.

The subject of the Facebook mafia plays into a larger narrative about the future of [venture capital](#) in general. As I'm sure a good number of you are aware, Congress passed the JOBS act much to

the chagrin of VCs everywhere, and companies such as Kickstarter, Crowdfunder, and xPerT Financial could pose serious disintermediation risk to the value proposition and business model of "venture capital." A paradigm shift is already occurring in that startups are far more readily seeking seed rounds rather than Series A rounds, thus delaying their dilution for as long as possible. Take for example Joe Lonsdale - he founded Palantir with angel money, scaled successfully, and has quietly invested in a number of other companies that are currently blowing up (Addepar comes to mind). Granted, crowdfunding as an "industry" is still nascent, but it is something to pay attention to in the coming years.

Perhaps it is financial nepotism at its purest, but you can't argue with the track record built within the ecosystem of success birthed from PayPal. Extrapolating to the situation of the average WSO user, it just goes to show you how important networking is now and will remain for the rest of your lives. Make a good impression on the right person, and you could find yourself with a life-long advocate and ally. All you need to do is put yourself out there.

For the sticklers, if you go back far enough the mafia chain goes back to Fairchild Semiconductor, which in essence was the foundation of Silicon Valley. Other world-changing mafias include Netscape, AOL, and Excite.

Sources cited:

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