

# Peter Thiel's Founders Fund isn't really Peter Thiel's Founders Fund

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3-4 minutes

Founders Fund has raised \$3 billion for a pair of new funds, so expect a slew of headlines about how "Peter Thiel's venture capital firm" is now flush with cash.

**Behind the scenes:** Thiel is essential to Founders Fund, but he's not autocratic. Instead, Axios has learned that he's one of three people with veto power over most FF investments, and is unable to do a deal without approval of the other two.

**Driving the news:** FF raised \$1.2 billion for its seventh flagship fund, and \$1.5 billion for its first growth-stage fund. The total increases to \$3 billion once commitments from FF's own partners are included.

- The growth fund is expected to write checks of at least \$100 million, with return expectations of at least 3x. If an existing portfolio company is seeking a large check, but FF doesn't believe the new money can return a triple, it won't invest.
- Return expectations for the flagship fund are at least 5x.

**Between the lines:** The FF process is quite different from how most venture capital firms approve new deals — which typically involves majority or super-majority votes by general partners.

- **FF has seven investing partners**, three of whom are general partners. That latter group is Thiel, Keith Rabois, and Brian Singerman.
- **For deals under \$1.5 million**, any two investment team members can cut a check. This includes general partners, partners, and FF's five principals.
- **For deals between \$1.5 million and \$5 million**, it takes one partner plus one general partner.
- **For deals between \$5 million and \$10 million**, it's one partner and two general partners.
- **For deals over \$10 million**, two partners and all three general partners must approve.
- **The same rules apply** whether it is a brand new deal or a follow-on investment for an existing portfolio company.
- **General partners must meet with company founders**, either in person or virtually, before making their final decisions. That means any startup receiving more than \$10 million must have met or at least spoken with Thiel, Rabois, and Singerman.

Singerman tells Axios that while individual vetoes do occasionally happen, they're rare:

"It's not like a deal is being worked on and then I get an email asking if I'll go along with it. We're discussing it as it progresses, which includes talking to the founders, and usually have reached a consensus so the vote becomes a formality... Sometimes we begin with only one of the three of us in support, and all end up in support, or sometimes it goes the other way."

Lauren Gross, a partner and chief operating officer, adds that the firm evaluates its deal process bi-annually, and sometimes makes small changes.

- "The voting really is usually the least relevant part, the part we under-index," she says. "It's more about the internal debate, which is where 95% of the work happens."

**The bottom line:** Peter Thiel is one of the most consequential figures in Silicon Valley, even if few have publicly followed his support of President Trump. But he doesn't deserve all the credit (or blame) for Founders Fund investments.

