

TECH

Tech Luminary Peter Thiel Parts Ways With Silicon Valley

Billionaire investor frustrated with what he sees as intolerance of conservatism in tech industry; has discussed resigning from Facebook board



Peter Thiel, a venture capitalist who co-founded PayPal and was an early investor in Facebook, is planning to reduce his direct role in the Silicon Valley tech industry that he helped to shape. PHOTO: VCG/GETTY IMAGES

By Douglas MacMillan, Keach Hagey and Deepa Seetharaman

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Billionaire investor Peter Thiel is relocating his home and personal investment firms to Los Angeles from San Francisco and scaling back his involvement in the tech industry, people familiar with his thinking said, marking a rupture between Silicon Valley and its most prominent conservative.

Mr. Thiel has also discussed with people close to him the possibility of resigning from the board of Facebook Inc., [FB 2.09% ▲](#) the people familiar with his thinking said. His relationship with the social-networking company—where he has been a director since 2005, the year after its founding—came under strain after a dispute with a fellow director over Mr. Thiel’s support for Donald Trump’s presidential campaign and a related confrontation over boardroom leaks with Chief Executive Mark Zuckerberg last summer, the people said.

However, Mr. Thiel feels he can still help the company and is likely to remain on the board at least for now, one of the people said.

Mr. Thiel’s plans are part of a broad move by the venture capitalist, who has ties to dozens of top startups, to reduce his direct role in the Silicon Valley tech industry that he helped to shape, the people said. Mr. Thiel has grown more disaffected by what he sees as the intolerant, left-leaning politics of the San Francisco Bay Area, and increasingly pessimistic about the prospects for tech businesses amid greater risk of regulation, they said.

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As a result, after spending most of the past four decades in the Bay Area, the 50-year-old plans to permanently move into the 7,000-square-foot home overlooking the Sunset Strip that he bought six years ago, a person familiar with the matter said. He also will move Thiel Capital and Thiel Foundation, two firms that oversee his investments, into new Los Angeles headquarters this year, the person said.

Mr. Thiel has long stood out in Silicon Valley for his vocal libertarianism, but he drew heavy criticism from many tech-industry peers—including fellow Facebook board member Reed Hastings, chief executive of Netflix Inc.—when he backed Mr. Trump’s presidential campaign and later served as an adviser on his White House transition team.

Mr. Thiel has recently said tech culture has become increasingly intolerant of conservative political views since Mr. Trump’s election, an attitude he has said is intellectually and politically fraught.

“Silicon Valley is a one-party state,” Mr. Thiel said last month at a debate about tech and politics at Stanford University. “That’s when you get in trouble politically in our society, when you’re all in one side.”

His concerns are echoed by other conservatives in tech who say they feel alienated by the industry’s broad embrace of liberal values. A majority of the tech workers who responded to a recent survey by Lincoln Network, an advocacy group for conservatives and libertarians in the tech sector, described the cultural norms of their workplace as liberal. More than one-third of workers who identified themselves as conservative said the clash between their views and those of colleagues kept them from doing their best work.



Peter Thiel, seen at a company office in San Francisco in 2014, is relocating his personal investment firms to Los Angeles.
PHOTO: JOHN GREEN/TNS/ZUMA PRESS

Mr. Thiel has bucked Silicon Valley conventions since his days as a Stanford University student in the 1980s, when he helped start a student newspaper to promote conservative views. He co-founded PayPal in 1998 and placed an early bet on Elon Musk's rocket startup, Space Exploration Technologies Inc., in 2008. He also has backed more unusual initiatives such as an institute that advocates creating ocean-based cities outside the reach of governments.

His involvement with Facebook has been among Mr. Thiel's biggest triumphs. He made the first outside investment in the fledgling social network, paying \$500,000 for a 10% stake in 2004. Today, Facebook is valued at over \$500 billion and used by more than two billion people a month. Mr. Thiel has made more than \$1 billion from the investment.

Mr. Thiel also has been an emissary for Facebook to its large population of right-leaning users. In May 2016, after media reports that curators of Facebook's "trending topics" feature suppressed news about conservative events and from conservative sources, he helped Facebook convene a closed-door meeting to smooth things over with a group of prominent conservatives.

Mr. Thiel's support for Mr. Trump that year drew criticism within Facebook, ranging from rank-and-file workers commenting on employee message boards to Mr. Hastings. In a 2016 email to Mr. Thiel, Mr. Hastings called his support of Mr. Trump "catastrophically bad judgment" and questioned his fitness to remain on the board, according to a copy of the message reviewed by The Wall Street Journal. The contents of the email were reported last year by the New York Times.

Mr. Zuckerberg publicly deflected the criticism of Mr. Thiel, saying in March 2017 that demands for his removal were "crazy" and that "ideological diversity" had become a necessary component of general diversity in the workplace and boardroom.



PayPal co-founders Peter Thiel, left, and Elon Musk in a 2000 photo PHOTO: PAUL SAKUMA/ASSOCIATED PRESS

Late last summer, the Facebook CEO, concerned about board discussions becoming public, confronted Messrs.

ABOUT PETER THIEL

- Co-founded PayPal in 1998
 - Made first outside investment in Facebook in 2004
 - Launched software company Palantir Technologies in 2004
 - Started Founders Fund, a venture-capital firm, in 2005
 - Financed lawsuit against Gawker that forced website out of business
 - Prominent backer of President Donald Trump
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Thiel and Hastings over whether they had leaked Mr. Hastings's email to the press, people familiar with the matter said.

In a phone conversation, Mr. Zuckerberg discussed with Mr. Thiel whether he should remain on the board, the people said. The Facebook CEO didn't explicitly ask Mr. Thiel to resign, someone familiar with the situation said, and Mr. Thiel said he wouldn't leave the Facebook board

voluntarily.

Mr. Hastings offered to resign if his disagreement with Mr. Thiel was a distraction, and Mr. Zuckerberg said no, according to someone familiar with the matter.

While Mr. Thiel has remained a director, in November he sold 73%, or almost \$30 million, of his remaining stake in Facebook, according to securities filings.

Mr. Thiel has courted controversy unrelated to his politics. He secretly financed wrestler Hulk Hogan's lawsuit against online publisher Gawker Media, which resulted in a \$32 million judgment that ultimately forced the company out of business. He later said the move was motivated by a Gawker story in 2007 that identified Mr. Thiel as gay, which he said violated his privacy.

Speaking at the Republican National Convention in 2016, Mr. Thiel said, "I am proud to be gay."

Last November, Mr. Thiel demanded that a U.S. Bankruptcy Court in New York allow him to participate in a continuing sale process for Gawker.com. Mr. Thiel's lawyers have argued that he is the "most able and logical purchaser" for Gawker but that so far his requests to participate in the sale process have been rebuffed.

The investor's new projects in Los Angeles will include the creation of a new media endeavor, one of the people said. Mr. Thiel sees an opportunity to build a right-leaning media outlet to foster discussion and community around conservative topics, the person said.

Thiel Capital and Thiel Foundation plan to move their dedicated staff of about 50 employees to Los Angeles, where they will continue to oversee Mr. Thiel's personal holdings, one of the people familiar with his thinking said. Other investment firms associated with Mr. Thiel, including Founders Fund and Mithril Capital, will remain in San Francisco, the person said.

In the past two years, Mr. Thiel has exited the boards of Zenefits and Asana Inc., cut ties with startup incubator Y Combinator and sold off the majority of his stakes in Twilio Inc. All are located in the Bay Area. He still serves on the boards of several companies, including Palo Alto, Calif.-based data-mining firm Palantir Technologies Inc.

Mr. Thiel paid \$11.5 million for his Los Angeles home in 2012, according to real-estate data website Property Shark. He also has a home in New Zealand, where he was granted citizenship in 2011. He has been living near San Francisco's Presidio District, where his office is located.

Write to Douglas MacMillan at douglas.macmillan@wsj.com, Keach Hagey at keach.hagey@wsj.com and Deepa Seetharaman at Deepa.Seetharaman@wsj.com