

## How Super Angel Chris Sacca Made Billions, Burned Bridges And Crafted The Best Seed Portfolio Ever

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17-21 minutes

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Between the parade of wet suits and abundant seafood and yoga joints, Manhattan Beach, just south of Los Angeles, tries to cling fast to its surf town roots. It's a tough battle. Strolling the boardwalk, I pass beach volleyball gold medalist Kerri Walsh Jennings practicing spikes close by glitzy homes locals say belong to Mark Cuban and former Oracle boss Ray Lane.

My guide, tech investor Chris Sacca, represents another evolution: The beach serves as his de facto office, and the 39-year-old eagerly points out spots more notable for his startup stakes than surf breaks. Here's where Instagram cofounder Kevin Systrom pedaled beach cruisers with Sacca as he wrestled with fundraising options for his photo-sharing app. Nearby, Twitter cofounder Evan Williams pondered the future of social media. There's the beach house from Beverly Hills, 90210, past which WordPress founder Matt Mullenweg and Sacca biked toward Redondo Beach. And that's the spot where Twitter CEO Dick Costolo and Sacca endured an early morning workout. "Kevin Rose did half of it and told me I was crazy and he wouldn't come anymore," Sacca says, mentioning, unprompted, the founder of Digg.

All these boastful highlights have an underlying number: \$1.2 billion, the amount of money that FORBES estimates Sacca is now personally worth, up from pretty much nothing just nine years ago. The young former Google employee suddenly finds himself in the same financial league as veteran venture billionaires such as Jim Breyer, John Doerr and Michael Moritz. And in terms of a hot streak he rates even higher. Sacca has already had two ground-floor bonanzas: Twitter, in which his funds held more at its IPO than any outside investor, and Uber, in which they hold 4% of a company valued at \$41 billion. And he's sitting on investments in billion-dollar startups Stripe, Lookout and WordPress parent Automattic.

"Chris has found every hot startup in the Valley and found them all during angel rounds," says Yahoo CEO Marissa Mayer, who has invested in Sacca's funds. "This is completely without precedent or equivalent." The 39-year-old ranks third on FORBES' 14th annual Midas List of tech's 100 top investors.

Sacca didn't study business or engineering, doesn't know how to program a computer, never started a company of his own or worked at a big venture firm. What he does is buddy up with well-chosen founders, console them when they're down and cajole them when they're wary of big risks. "I don't feel like I have a big institution to protect," says Sacca. "That's made me faster than the big investors."

But his track record is also flecked with broken friendships and hard feelings. While he keeps a relatively low media profile--this story marks the first time he's cooperating for a major story--his big mouth, incessant name-dropping and blunt elbows cause eyes to roll. "He's got a bit of a hero complex," says a peer who knows him well. "He's an amazing investor, but that's not enough--he has to do this heroic stuff." At Google he crashed every meeting he could and then wouldn't shut up. Twitter eventually had to pass a rule, driven in part by Sacca, barring nonemployees from showing up at all-staff meetings. He and Uber CEO Travis Kalanick, once close friends, now barely speak, despite Sacca's major stake in the company.

"Chris is brutally honest about everything," says mentor Steve Anderson of Baseline Ventures, an Instagram backer and No. 5 on the Midas List. "And he's aware that he's insecure." But don't mistake insecurity for timidity. "I get close to people easily," says Sacca. "But do something to me, I will light that bridge on fire."

As we're talking on the Manhattan Beach pier, Sacca's iPhone buzzes. It's a Twitter direct message from Ben Rubin, CEO of Meerkat, a white-hot new app for live-streaming video. Sacca is not going to invest in Meerkat but had been playing with it ahead of its early challenge at the popular conference, South by Southwest. He rapidly types back with a thumb and forefinger combination. "I told Ben that the festival is the first big test, and if you keep the stream up, you win," Sacca says, thrusting the DM thread toward

my face quickly, then back away. "You have to offer value without expecting anything in return." Such is how new bridges are built, amid the smoldering embers of the old ones.

Sacca is busy building what will be one of the premier houses in Manhattan Beach, a terraced 5,000-square-foot place powered by solar panels. It should be ready by August, but until then, he, his wife, Crystal, and their two young daughters (a third child is on the way) have been camping out at a nearby guesthouse.

Due at a board meeting, Sacca bounds in, ripping off his beach T-shirt to get into his investor uniform. Steve Jobs had his black turtleneck. Chris Sacca has his embroidered cowboy shirt. He bought his first one, impulsively, at the Reno airport en route to a speech, and the reaction prompted him to buy out half the store on his return. He now owns almost 70, in various flavors, which he keeps near his front door and in the trunk of his car in case of emergency. "Entrepreneurs get disappointed when I show up without one of these," he says, donning a black shirt with silver stitching.

The Howdy Doody look is just one more of Sacca's incongruities. He's only from the West if you define it as western New York. He grew up in a suburb of Buffalo, the son of a college professor and a lawyer. A top student, he wound up at his father's alma mater, Georgetown, and then Georgetown Law.

Sacca did not, however, make for a natural lawyer. As an associate at Fenwick & West's Silicon Valley office he sat in on a meeting one day with John Doerr, the famed partner at venture firm Kleiner Perkins Caufield & Byers. "It became obvious to me that the investing side was where the action was." Let go during the dot-com bust, Sacca wound up cold-calling members of the FORBES Midas List for a job, with no luck. Finally he landed at a startup, Speedera Networks, helping to fend off continual lawsuits from its larger rival Akamai.

In November 2003 he jumped to Google, where he got a job on the legal and business development team going undercover to scout locations with low taxes--and cheap electricity--for Google's new data centers and then creating nondescript holding companies to buy up the land.

Sacca started sponging up intel in whatever senior executive meetings he could muscle into. Former Google manager turned investor Hunter Walk remembers walking into a meeting with Larry Page one day to update him on AdSense. Sacca, with no advertising role or background, chimed in with advice. "Google then was a culture that rewarded people who got things done," says Susan Wojcicki, a longtime Google executive who is now the CEO of YouTube. "He gravitated toward interesting projects and the new important ideas, always trying to work on the next big thing."

He sometimes put his foot in his mouth. Sacca was on a fellowship at the University of Oxford when, speaking publicly at a conference, he blamed wireless carriers for Google Maps not appearing on U.K. phones, sparking a headline that embarrassed the Google Android group. His boss, general counsel David Drummond, told him to start prepping his résumé. Instead, Page reassigned Sacca to work on wireless projects, including an ambitious but ultimately failed effort to bring free Wi-Fi to San Francisco. "During one of our meetings Chris volunteered to drive around the city and rubber-band routers to street lamps," says Mayer, who got to know Sacca at Google because of the project.

Sacca tried other projects as well, such as head-faking a multibillion-dollar bid in a spectrum auction (a ploy that succeeded in driving up the price for carriers), but hit a wall with Eric Schmidt when his group pushed to acquire two satellite companies. Schmidt, then the CEO, wanted Google to hoard cash and brace for a downturn. In December 2007, with most of his options vested, Sacca quit.



For the next 18 months Sacca took his spectrum project and helped execute it on behalf of Philip Falcone's investment firm Harbinger Capital, netting several million dollars in fees for himself. While he spent an increasing amount of time at a house in Truckee, a town that sits atop Lake Tahoe, he decided to focus on angel investing in Silicon Valley.

He'd done a bit of it at Google, but it was somewhat rogue. One of Sacca's Google friends had gone off to launch a podcasting startup called Odeo. By 2006 the guy, Evan Williams, had decided instead to

start a new microblogging service called Twtr and asked Sacca if he wanted in. Sacca wrote a check for \$25,000 and started tweeting madly, intrigued by the service's revenue and data potential. Sacca even caused one of the service's first gaffes, when he privately messaged graphic details of a fatal car accident he had witnessed in San Francisco and Twitter posted it unintentionally on a public feed.

"He became an investor, an advisor, a friend," says Williams. "But the most helpful thing was that he's such an enthusiast. He made us believe in our own product more." When early celebrity adopter Shaquille O'Neal sent out a viral tweet or when a Twitter handle appeared on a TV talk show, Williams and his core team would get a one-word note from Sacca: "BIG."

Through 2009 Sacca continued to make savvy individual investments in companies like Kickstarter, Twilio and Lookout, until he started running out of cash. He'd joined Google too late to make tens of millions. Hans Swildens, an old contact from his Speedera days, was running a firm called Industry Ventures in town. Swildens liked what he saw in Sacca's angel investments and suggested he raise a fund. Industry would sign the first check for Lowercase Capital, joined by Google friends like Mayer and, improbably, Schmidt. "It's easy to forget now, but in 2009 or 2010 early-stage stuff was still risky-feeling, and the market was still a big question mark," says investor Brad Feld, a mentor and eventual investor in the fund.

His bet on Instagram, started by another ex-Googler, Kevin Systrom, would follow, but in late 2009 he scaled up his investing to another level when he decided to deepen his position in Twitter. "I wasted months trying to get others to believe it could be a real business, not just a toy," he says. "And I decided to just buy it all myself." Emulating his Google land-buying, he created four funds with generic names to buy up privately held Twitter shares from former employees. He wasn't the only one. Ron Conway, a former mentor and the cofounder of SV Angel, began raising tens of millions with much the same goal.

Sacca had been content to raise a few million more, but a little-known friend with billions under management named Suhail Rizvi convinced him to go big. The coup came when Ev Williams approached Sacca to sell \$400 million of his Twitter shares. Sacca then went traveling in Southeast Asia, with a secret plot to propose to his girlfriend (now wife) in the place where her parents had gotten married. That accomplished, he rolled up his sleeves on the Williams deal.

Sacca secretly secured commitments for up to \$1 billion in 30 days from J.P. Morgan and municipal endowments. He and Rizvi spent it over the next 18 months, buying out former employees and other investors right up until the cap table closed in May 2013, before the IPO. When the positions became known, other investors were ticked off to see Sacca's camp had accumulated the largest outside position in Twitter right under their noses. "He was an innovator with that secondary, structuring a number of vehicles that didn't really exist like that before," says Anderson at Baseline. "He saw the chance before other people saw, so they asked: 'How did this no-name dude come up with all this capital?'"

The person who gave up the most potential upside in raw dollars, Williams, sees no problem with what Sacca did. "In retrospect, if I had perfect knowledge I wouldn't have sold any stock then," Williams says. "Some people didn't like what he was doing, but he did what anyone would." The value of Sacca's first Twitter fund, Lowercase Industry, has soared about 1,500%. All told, his various Twitter deals have returned \$5 billion to investors.



Well before the Twitter machination came to light, Sacca was cementing his reputation as a reliable friend to startups post-financial-crisis. A group of San Francisco entrepreneurs and investors would often soak for hours in Sacca's hot tub at the Truckee house, drinking and laughing and talking. The so-called Jam Tub had its own check-in on Foursquare, and serial entrepreneur Travis Kalanick was its unofficial mayor.

The Jam Tub was an annex to Kalanick's Jam Pad, his home in the Mission district of San Francisco, where a rotating crew of techies would brainstorm, party and enjoy a home-cooked meal. Sacca went at times, but Kalanick's friend Garrett Camp, the founder of the website discovery tool StumbleUpon, was a fixture. Camp, who sold StumbleUpon to eBay for \$75 million in 2007, had the idea to make an app so his friends could book a black car to take them around town. He first called it UberCab. Camp's friend and early advisor, the author Tim Ferriss, remembers that the idea seemed "ridiculous" to many outside the Jam Pad circle. "People who had the opportunity to invest laughed it off as this one-percenter vanity service," Ferriss says. "Chris was not one of them. He had faith very early on."

Kalanick became a mega-advisor of sorts to the fledgling startup, and Sacca wanted a piece. The pair cemented the startup's angel \$1.3 million financing at the Truckee house, with Sacca ponying up \$300,000, a large check for an \$8 million fund. "I went all-in," he says. More than just money, he helped negotiate Kalanick's compensation and secure the Uber name from Universal Music Group. Lowercase would add another \$400,000 worth of Uber at the Series A round in early 2011, led by Benchmark Capital's Bill Gurley (see story, p. 78), and Sacca would make more side investments later on.

Through a spokesperson, Kalanick declined to comment, but conversations with those with knowledge of the pair and the startup's early days indicate that the Uber CEO got upset with Sacca for trying to repeat his Twitter move of buying up secondary shares in Uber from other initial investors. "Travis was 110% about the company, and with Chris it became a 'What about Chris?' issue," says one of these sources. Kalanick told Sacca to stop coming to board meetings, which Sacca monitored as an advisor. They barely speak today.

"What's frustrating is I honestly don't know what's wrong," Sacca says. "I've apologized multiple times." When pushed, he concedes that his efforts to buy shares might have created a rift. Kalanick kept telling him it was impractical to do, Sacca says, yet Sacca kept coming up with workarounds. "I guess I wasn't hearing what he was really saying, which was 'Don't f--king do it.' "

If shunned by management, Sacca remains loyal to the product: Back in Manhattan Beach Sacca orders an Uber to take him, cowboy shirt and all, to the board meeting.

En route a famous founder asks him to tweet in support of a new hire. Sacca gobbles up every one of the ensuing Twitter mentions before we arrive at a small, poorly ventilated office building in Santa Monica. This, he says, is the home of his next big score.

Sacca met InVenture CEO Shivani Siroya at a TED dinner when he spotted Siroya sitting by herself on the fringe. Hours later he was sold on the former financial consultant and UN analyst's vision for a new way to score credit in the developing world. "Once I determined she wasn't allergic to money, it was a no-brainer," Sacca says. Sacca greets Ted Rheingold, the COO he helped match with Siroya, and the other staff like old friends as each discusses the group's progress.

Six months ago these meetings were depressing. InVenture's business wasn't working in India, and since it didn't handle the loans itself, the payback wasn't there. Now it's growing rapidly in Kenya, and the team shows Sacca detailed breakdowns of how Kenyans' spending varies in different neighborhoods and what they take loans for and why. Their repayment rates, Siroya tells him, are higher than those for loans in the U.S. "How much more fun is this?" he asks one manager whose last project was shuttered. Sacca then leans forward and looks across the table right at his founder, waiting for eye contact. "You've got more data on users even than Travis," he says. "This is freaking big. It's time to move from the dreamy hypothesis phase to wanting to fan the flames."

Friends wonder out loud, though, how much more fire Sacca has for the kind of startup discovery and coaching that has defined his rise--especially when success seems twinned with friction. Sacca now oversees a few billion dollars in more than a dozen funds, with cowboy names like Stampede, Frontier and Spur. But he's going to far fewer meetings, preferring to spend time at the beach and a new house in Montana. Rivals feed this narrative, whispering that he's dialing back. Sacca is not denying it. Two years ago he brought in his first partner, Matt Mazzeo, a rising CAA agent, who is taking on more of the seed investing for Lowercase's funds. Says Mazzeo: "I don't think Chris is one of those guys who makes a ton of money and drops the mic and leaves the room. He loves the people in the room so much that he'll stay."

"He's young," adds Sacca's close friend actor Edward Norton, who has cofounded startup CrowdRise, "and I could imagine the appeal of not wanting to manage other people's money forever." If Sacca wants to amp it up, given his base in L.A., his outsize personality and his signature look, there's surely a future for him in show biz, extolling and beating up entrepreneurs in the vein of a Cuban or Trump. Sacca smiles at the thought: "Being quiet is not a natural state for me."