The Social Radars
Ron Conway, Founder, SV Angel (Part 4)

Jessica (00:00:00):

I'm Jessica Livingston and Carolyn Levy and I are the social radars. In this podcast, we talked to some of the most successful founders in Silicon Valley about how they did it. Carolyn and I have been working together to help thousands of startups at Y Combinator for almost 20 years. Come be a fly on the wall as we talk to founders and learn their true stories. So Carolyn, we are back today with Ron Conway for part four.

Carolynn (00:00:34):

My favorite guest.

Jessica (00:00:35):

Of his history. Welcome, Ron.

Carolynn (00:00:37):

Welcome, Ron.

Ron (00:00:38):

Pleasure to be here.

Jessica (00:00:40):

So we left off with Google last time, but I feel like there were still some questions that Carolyn and I had. And I hope you don't mind if we just quickly touch on a few Google related topics. Sure. The first one was, and you said you were going to check into this. When you and Romshri Rome were trying to get Kleiner, Perkins and Sequoia to agree to co-invest, which they had never done together for the Google round, you said you had different tactics to close them and you finally closed it. You were in the Foster City, Starbucks parking lot. What was the tactic that you used? Yeah.

Ron (00:01:17):

Yes. And I'm sorry I didn't recall it at the time, but just to remind everyone, Larry and Sergei had a very smart strategy to get Kleiner Perkins to invest because they had board seats on AOL and they knew Google being an unknown company and product getting an AOLOEM agreement with Kleiner Perkins helping would be Nirvana for the growth of the company. The same way Sequoia would be a good investor because they could help get an OEM deal with Yahoo because Mike Morris of Sequoia was on the board of Yahoo. And that is a strategy I wanted to help fulfill. But those two VCs, as you said, Jessica, did not like investing in the same company together. And this went on for about a month, but in a financing, that's a long time to be negotiating.

(00:02:26):

And Larry finally got frustrated and called me and said, "If the two VCs won't work together, could you just do a large angel round?" And I said, "Oh my God, yes." Because at that time, we had seen enough of the Google product to know what a winner this company would be. So I said to Larry, "Of course I would love to do that, but why don't you let me give Kleiner Perkins and Sequoia one last chance so that you do fulfill your OEM strategy?" And he said, "Yes, go ahead and do that. But by Monday, we need to move on. " And if they did that, SV Angel, we would've been the primary investor in Google. But what was more important is that Larry and Sergei fulfill their strategy. Sure enough, Rom called Kleiner, I called Sequoia and they said, "You know what? Rather than lose the deal, let's do it.

(00:03:34):

" And off we went and those discussions took place in the parking lot of Starbucks in Foster City.

Jessica (00:03:42):

When you called them, respectively, you and Rom, did you say, "You're going to lose this deal if you can't agree?"

Ron (00:03:48):

Oh yeah. I was very passionate. Hey, it's over. On Monday, the founders are moving on. This has gone on long enough. So you have till Monday, and that was a Friday. I was in the Starbucks parking lot Saturday morning when this happened.

Jessica (00:04:07):

Could you imagine, Carolyn, if they hadn't put aside their egos? It

Carolynn (00:04:11):

Would've been quite different. You know what I was just thinking in my head is that today that would've been Sequoia did the Series A and Kleiner Perkins at the Series A extension, and they would've been one week apart and they wouldn't have had to invest in the same round. That's just something that we see a lot right now.

Jessica (00:04:28):

That wouldn't have even existed back then.

Carolynn (00:04:32):

Yeah, exactly. That didn't exist back

Jessica (00:04:34):

Then. Wow. That is crazy that it came to that.

Ron (00:04:37):

Yes.

Jessica (00:04:39):

This is also reminding me, Ron. I'm hoping you'll talk about this. I have a story in my head that I think you told me once about another time when you almost had an opportunity to buy a major portion of shares. Do you remember that story?

Ron (00:04:58):

Yes. It was about a year later and there was an agreement that Google would bring in a CEO. I don't know if there was a time limit, but the investors were getting a little impatient that, "Hey, we don't have a CEO yet." And Mike Morris would layman to me like, "We got to get the CEO in here. Let's get going. And what are we going to do if we don't?" And I said, "Oh my God, if you ever get antsy about not being an investor, I'll take those shares in two nanoseconds if you'll let me. " That never happened.

Jessica (00:05:42):

Right. Did it come

Ron (00:05:42):

Close? And they got ... I don't think it got close. I think Eric Schmidt came in soon thereafter and Google had its CEO.

Jessica (00:05:52):

Wow. Could you imagine that too, another opportunity? Another opportunity.

Ron (00:05:56):

Yeah.

Jessica (00:05:57):

You're so altruistic, Ron.

Ron (00:05:59):

We just like to see these companies succeed.

Carolynn (00:06:01):

I think it's Ron's passion that pushes people to ultimately do the right thing.

Jessica (00:06:05):

I think you're right.

Ron (00:06:07):

Right.

Jessica (00:06:08):

Which is such a cool thing to be able to say. Most investors aren't like that, Ron.

Ron (00:06:13):

And we don't mind help steering them that way.

Jessica (00:06:16):

You really get invested in these companies and you make deep relationships with not just the founders, but employees. I know you have a bunch of other little stories that sort of show how deeply involved you go with Google.

Ron (00:06:31):

Yeah. Funny enough, I have a couple of examples to do with Google. SV Angel takes a holistic approach to working with founders and their companies, and we want to help with any problem that they have. For example, in the last segment, we talked about Google having a legislative problem in Sacramento.

Jessica (00:06:54):

Yes.

Ron (00:06:54):

We jumped right into that. But more holistically, there were team members in the early days of Google who had really serious health issues. And when a team member has a health issue, it impacts the morale of the whole company because the company is a team. And in the early days of Google, the day before Thanksgiving, one of their New York teammates, Matt Wirdegar, was diagnosed with stage four cancer. And Tim Armstrong, who was the head of sales at Google, in the New York office, called me desperate saying, "You're the guy with the Rolodex. Where do you have connections in New York to get Matt into the hospital Thanksgiving weekend? He just got diagnosed." So I called Ben Rosen, who was on the board of Sloan Kettering. And I remember calling him and emailing him. And so an hour later I said to Ben, because Tim Armstrong was just desperate.

(00:08:10):

"You have to hurry up and answer me. This is urgent." Not knowing that the poor guy was in London and it was one in the morning, got out of bed and started calling people at Sloan Kettering and Matt was in Sloan Kettering the day after Thanksgiving getting treated. Wow. He did not survive, but what's beautiful is his wife started a foundation for this type of cancer, which is now cured. Wow. Yes. We funded the science. We funded the science and now this cancer has been eradicated.

(00:08:52):

No way. Yeah. Then we had another Googler, Jason Aronstein, whose little baby was very ill. By then we had the connections at Sloan Kettering and we were able to quickly help Jason with his son who is doing fine to this day.

Jessica (00:09:12):

Oh, amazing.

Ron (00:09:14):

But we do take a holistic approach.

Jessica (00:09:17):

You've definitely helped countless Y Combinator founders with medical situations and probably Y Combinator Partners too.

Ron (00:09:26):

Yeah. And getting Visa's process. The

Carolynn (00:09:28):

Immigration's done.

Ron (00:09:30):

Immigration's another hard one.

Jessica (00:09:32):

And in the last conversation you mentioned you were starting something in the memory of Susan Wujicki.

Ron (00:09:37):

Yes. Yes. Susan passed away of lung cancer, was not a smoker and she was sick for two years. And her family is very involved in finding precursors to lung cancer so that you can get treated sooner. So you can prevent the cancer by finding out symptoms earlier, identifying those symptoms so you can take care of yourself before it spreads. And so I think there's going to be a whole very exciting initiative around that. And we cured a cancer for Matt Wideger. Let's do it for Susan.

Jessica (00:10:24):

And you did something for Rajiv Motwani too, didn't you?

Ron (00:10:28):

Well, yeah. Well, Rajiv, while he was alive, he was Larry and Sergei's PhD advisor.

Jessica (00:10:39):

Yes.

Ron (00:10:41):

And he passed away, but while he was with us, he wanted to help startups around the country on college campuses, the way he did at Stanford, where you identify entrepreneurs on college campuses. So he started a fund called. Edu ventures. I suggested the name and he said, "Oh, that's a great name." And he harvested deal flow from Columbia, MIT, Carnegie Mellon, Stanford, Berkeley, Caltech. And we helped get that venture fund off the ground. It was basically a sister fund to SV Angel that was out there on all the college campuses.

Carolynn (00:11:32):

That's smart.

Jessica (00:11:34):

Yeah. Yeah. And didn't you get involved in a highway project with Google?

Ron (00:11:39):

Yes. Yes. Now this one's pretty entertaining. If you think back to 2015 in Silicon Valley and you took an aerial photograph at rush hour, you would see that the entire Silicon Valley was gridlock. In that gridlock where all the Google and Facebook buses with no express lanes sitting in the traffic, the wasted time on the buses became the biggest management problem in the minds of many of the managers at Facebook and Google and all the other tech companies.

Jessica (00:12:23):

Because how long would a commute take from San Francisco down to Mountain View, let's say?

Ron (00:12:29):

The worst one would be two hours or more.

Carolynn (00:12:32):

Yeah. Oh, I can confirm.

Ron (00:12:34):

And that productivity time really started to gnaw at the companies. And it's not like nobody was aware of it, but one year when I was at the Allen and Co-Conference in Sun Valley, I look at the agenda and Jerry Brown, our governor, is speaking. This issue was so top of mind that all I had to do is go up to Larry and Sergei and Susan Wajicki was there too and Mark Zuckerberg and say, "After Jerry Brown speaks, when he comes off the stage, why don't we greet him and tell him about our problem and how can he help us add lanes to Highway 101?" And the problem was so acute, Larry and Sergei and Zuck literally thanked me and said, "As long as you facilitate this, because the three of them are not that outgoing." And I said, "This is a crisis. It's all you talk about.

(00:13:50):

I'm happy to facilitate this. " And of course, I knew Jerry Brown.

(00:13:57):

Our families even went way back in San Francisco. So he comes off the stage, "Hi, Ron. How's it going? Jerry, we have a really, really serious problem and you've got to help us." And he was all ears because he's at a tech conference and he's getting to meet Larry, Sergey and Mark. By the time he went up to speak, I had already alerted his staff that, "Don't rush out. We want to talk to you. " His staff had come back to me while he was presenting saying, "He is so excited to meet those three people in person." He knows they're in the crowd, but you're telling us that he's going to shake hands with them. He can't wait to finish his talk. So I knew-

Jessica (00:14:47):

That's fortunate.

Ron (00:14:48):

So I knew already that he was going to be receptive and cordial. He did not know what the problem was yet. We described the issue to him and he said, "I'm going to go help you. Your job creators, we have to fix this. " He had a very can- do attitude and his chief of staff was with him. So we knew there would be follow-up. So then he was so excited. He said he was going to leave right after and he goes, "I don't want to leave. Ron, why don't you introduce me to some people and maybe I'll even stay for lunch." So he's decided he's staying for lunch. I couldn't find Zucker, Larry or Sergei, but I found Susan with Jicky who also knew of this problem. I told him in two sentences, I said, "Come sit down." And just by coincidence, be on the other side of Jerry.

(00:15:45):

So Susan was able to identify the problem in her words. And by the time he left there, he was very fired up about solving our crisis. Now, it was not free. The companies put up well over 50 million, but we now have operating. It took four or five years, but we'd still have a problem if we didn't have that discussion. The express lanes on 101 that you see today where you pay extra, et cetera. And I think there's two of them where you pay.

(00:16:21):

Those started in Sun Valley in those discussions. Amazing.

Carolynn (00:16:26):

Wow. Amazing.

Jessica (00:16:27):

Oh my gosh. I had no idea. And

Ron (00:16:28):

Workers that now get to work a lot quicker, except we had COVID in between.

Carolynn (00:16:33):

I was just going to say, little did they know they could have just all gotten on a Zoom call and solved the problem. Oh my

Jessica (00:16:38):

God. Well, that's awesome. And that sort of just shows you're just involved with these companies in so many different ways. And actually when we move on to Napster, which is what we're going to do right now, I think that sort of holistic approach to things will also

Ron (00:16:52):

Shine

Jessica (00:16:53):

Through.

Ron (00:16:53):

Yes.

Jessica (00:16:54):

When did they come on the scene? How did you meet them?

Ron (00:16:57):

Well, we met Napster because we had prioritized the media segment as an investment focus for SV Angel. Oh. So SV Angel has never invested hodgepodge, even though we get accused of that once in a while. SV Angel, for the most part, invests against theses around the tech industry that we think are about to explode. And then we watch for those companies that are going to be part of the explosion.

Jessica (00:17:34):

Just like search

Ron (00:17:35):

With Google. Just thinking. You took the words right out of my mouth. Yeah. Just like search. Search was one of our theses where we said, "We want to study and track this market very closely and hopefully we'll pick the winners." Well, media and the internet convergence

(00:17:55):

Was one of those theses that we were pretty maniacal about. And so we adopted that thesis before we met Napster, but in the '90s, we always believed that the convergence of media and the internet was going to cause an explosion. And we would think about audio content and video content and delivering that content to consumers would just be a huge, huge market. And for example, very early on, we invested in an audio company called Lipstream. Back then, probably the only audio company that people would remember is probably real networks that Rob Glaser started after he left Microsoft. But once again, this was the early days, there were very few audio companies, but Lipstream, huge fight over allocations, and we were very active in the company, but sure enough, it fizzled out because it was just too early. Broadband wasn't there. The consumer market wasn't quite there, but audio was a priority for us.

(00:19:24):

Then video was a big priority. And one of the early, early companies in internet video was a company called ScanScout. Now that one's still around. It's called Tremor Networks.

Jessica (00:19:36):

I have not heard of it.

Ron (00:19:37):

Me neither. These are early, early companies. And I'm only calling them out because they're companies we spent a lot of time on, but they didn't do that. Well, Lipstream went out of business. ScanScout was around, and it's a publicly held company, but not a huge, huge win.

Jessica (00:19:55):

And we're talking sort of late '90s right now?

Ron (00:19:57):

Yeah, early 90s. Oh, early 90s though. Well, earlier 90s. Okay. But we had a lot of conviction around this space. The other thing we did in addition to companies is we went down to LA and became friends with all of the agencies who mattered in LA because media in essence is controlled by these agencies who have all the agreements with the actors and the studios, et cetera, et cetera. So we made it our business to get to know the agency heads. Jim Wyatt at William Morris, I could call him today and he would pick up the phone. Jeff Berg at ICM, which stands for International Creative Management. These were the agencies running Hollywood. Ari Emanuel was already on the scene, but his agency was Endeavor. Now it's WMG. And Michael Ovitz was the co-founder of Creative Artists. Yes. So we developed these relationships so that once our media portfolio companies got off the ground, we could help them penetrate the bureaucracy of Hollywood and the media world.

(00:21:22):

Another one who was really colorful is Marvin Davis who owned 20th Century Fox. His office was on the top floor of the Fox Century building right off of the Fox lot in LA. And he was another great contact because he was one of the chess masters in media at the time. And he had Barry Diller running the studio for him.

Carolynn (00:21:49):

I don't understand what your pitch was to them though. Why did they take your call? Why did they want to meet you?

Ron (00:21:54):

Well, these guys were already very intrigued with Silicon Valley. I think Hollywood's always been intrigued with Silicon Valley, but in the early days of the internet, they were more intrigued with Silicon Valley because you could tell this thing was percolating, that search was happening. You didn't have to think very far to say, "My God, with this bandwidth, there's going to be audio and video on this thing called the internet, and we better start thinking about it. " So very good question. Why the hell would Ari Emmanuel and Jim Wyatt see me? Because I said, "I am going to be your eyes and ears in the Bay Area. I will tell you what's happening in audio video and I'll bring them down here to you. " And so we would go down with lists of all of our media companies, and then we'd also talk about media companies we weren't even investors in.

(00:23:05):

So we were literally their eyes and ears. And this is before a lot of the other investors even connected those dots. We were very, very

Carolynn (00:23:16):

Early here. Yeah.

Ron (00:23:19):

So as I talked about in our Google segment, Len Armato-

Jessica (00:23:25):

Shaq's manager.

Ron (00:23:26):

Shaq's manager, also Pamela Anderson, and very close friends of Quincy Jones.

Jessica (00:23:33):

Ooh,

Ron (00:23:34):

Quincy Jones. So our media relationships have been very interesting. And what I like is we're still friends of a lot of these people. There's one in particular who's not our friend because he thought I was responsible for the bubble bursting, and I'm going to tell that story later.

Jessica (00:23:58):

You better say

Ron (00:23:58):

One man. But we still have good friends like Goldie Hawn and Will I Am and Ashton Kucher who got started early, early in the internet and the conversions of media.

Jessica (00:24:11):

Yes. You brokered a meeting with Paul and I and Ashton in LA and his team way early on. Yes. He was one of the first celebrity investors and he's a very good investor.

Ron (00:24:25):

Yeah, and very smart. He studied physics. So a lot of people say, "Oh, he's an actor." No, he's an actor and he's very technically competent and knows how to help founders and pick founders. Impressive,

Jessica (00:24:44):

Right.

Ron (00:24:45):

So I kind of wanted that to be a prelude before we get into the heart of Napster, so that you have a feeling that we were all just like search, we're knowledgeable. So when we visited Napster, we were already really, really interested. But the other thing I'm going to do in this segment is we're going to talk a lot about Napster, and then I'm also going to walk you through what Sean Parker and what Sean Fanning have done after Napster, because both of their careers after Napster are also fascinating, and I don't think anyone pays attention to that. So I'm going to shine a spotlight on that after we dig into Napster itself. But the fact that we've tracked and invested in every endeavor that Sean Fanning and Sean Parker have engaged in since Napster is just evidence of SV Angel invests in Founders for Life, and we take a holistic approach to these investments.

(00:26:03):

But Napster, I think we all agree in the early days of media on the web was absolutely the most disruptive company.

Carolynn (00:26:16):

Oh yeah. Yeah.

Ron (00:26:17):

But we were already knee deep in the music space. Before Namster, we invested in Spinner Music, which was sold AOL, a company called Frisket, Beatnik, Gigabeat, Mongo, all pretty appropriate names. Which

Jessica (00:26:33):

I have never even heard of.

Ron (00:26:35):

Have you two? Oh yeah, you shouldn't have. You shouldn't have. I was

Carolynn (00:26:37):

Going to say, I don't think I've heard of any of those.

Ron (00:26:39):

These are all gone now. Okay. So we had a lot of domain expertise by the time we met the folks at Napster. So in 1999, which is when Napster was founded, there were several office buildings around the Bay Area that were known to have multiple internet startups in them. We had one company in an office in San Mateo at four West 4th Street on El Camino Real in San Mateo.

Jessica (00:27:18):

In San Mateo.

Ron (00:27:20):

Yes. Yes. So anybody north of, let's say Menlo Park, if you were an internet startup and you didn't want to be in the South Bay, you would be in this building in San Mateo and you didn't want to be in San Francisco. And most of the companies were in the South Bay without a doubt. So this was a little bit of an outlier, but there were quite a few companies in this building. We're an investor in one of them. I go up to visit them knowing that there's other internet companies in the building, but I didn't have time to meet five companies in the building, but I finished up the meeting with the company we were already investors in and I said, "Hey, what is the one other company in the building doing the most interesting work?" And he responded instantly, Napster on the fourth floor and took the elevator down to the fourth floor, introduced myself.

(00:28:22):

Sean Fanning was there. Sean Parker, I think, was in a meeting, so I never met him, but I met Sean Fanning and Eileen Richardson, who was the then CEO, and I said, "Hey, tell me what you do. "

Jessica (00:28:37):

Just a random guy off the street, by the way. I'm already having so many questions. The party. Like you walked down and said, "Oh, hi, I'm Ron Conway. I was just down with so- and-so and they suggested I come meet you. "

Ron (00:28:48):

And I used him as a reference. Okay. Okay. Okay. So I wasn't completely out of the blue because they knew each other. They

Jessica (00:28:54):

Knew each other. How old is Sean Fanning at this point and how old's Eileen?

Ron (00:29:00):

Eileen is 30s.

Jessica (00:29:04):

Okay.

Ron (00:29:05):

The adult

Jessica (00:29:06):

In the room.

Ron (00:29:06):

Eileen is the adult in the room and Sean's probably 18 years old.

Jessica (00:29:11):

But he's young.

Ron (00:29:12):

Yeah. And he is the one who wrote the code in his dorm room

Jessica (00:29:16):

At

Ron (00:29:16):

Northeastern. Yes. His roommate said to him, "This says that great entrepreneurs start companies solving a practical problem." And his roommate was frustrated that he couldn't find one place to go listen to music and how do I download music in an organized fashion? And Sean said, "Oh, I'll hack something together for you. " And that was the birth of Napster. Is Sean solving a problem for his roommate? It was not a problem that Sean cared about. It was His roommate. And he solved that problem for the roommate. But Sean Fanning was on an IRC.

Jessica (00:30:09):

IRC, yes.

Ron (00:30:11):

Sean was on an IRC with a bunch of other tech people, including Sean Parker, Jan Coomb. And someday I want to find out who else was on that IRC because a lot of those people have gone on to accomplish great things. And they're all very, very young people at the time. And Sean Parker said, "Hey, that's an interesting idea. Let me team up with you too." And then they moved to California. And then I think Sean Fanning's uncle is the one who recommended Eileen Richardson to be the adults in the room.

Jessica (00:30:57):

Okay.

Ron (00:30:58):

But because of our other investments in the area, because of our media thesis, we invested immediately.

Jessica (00:31:05):

On the spot that day,

Ron (00:31:07):

You said? Yes.

Jessica (00:31:09):

Had they taken much funding?

Ron (00:31:11):

They had taken angel funding.

Jessica (00:31:13):

Okay.

Ron (00:31:14):

I don't know the exact amount, but not a lot.

Jessica (00:31:17):

Okay.

Ron (00:31:17):

Maybe a million. Just limping along, talking to investors. The number of users was not staggering, but the fact that it was pirated music was staggering

Carolynn (00:31:31):

Because

Ron (00:31:32):

Every time somebody downloaded, that was technically an infraction. So my point to them was, and they didn't argue about it because they knew the SV Angel brand. But I said, "I think we can help you. We have cultivated all the agents in LA for these opportunities."

Jessica (00:31:56):

Because we don't want you having a business that's stealing.

Ron (00:31:58):

Exactly. So we made our investment in Napster and the first thing we wanted them to do is meet our contacts in LA so that we could legitimize the product. And on March 30th of 2000, I jumped on a plane with Sean Fanning, Eileen Richardson and myself, and we went to Jeff Berg's office, who was the CEO of ICM. At that time, he was probably the most influential agent in Hollywood. Now, that title moves around every few years, but on March 30th, 2000, he kind of ran the show because we knew all the others, but I picked Jeff Berg. And Jeff Berg was also pretty, compared to the rest of them, fairly tech savvy. So I called him up a few days before and it's amazing how quickly the Napster brand became known to people. Because when I called him, he said, "Oh yeah, I know what you're talking about.

(00:33:18):

" In other words, it was the biggest rumble across the country that you can imagine.

Jessica (00:33:26):

Because users were just adopting it

Ron (00:33:29):

Less. And loving it.

Jessica (00:33:30):

Yeah. Because it was really the first big application that you

Ron (00:33:33):

Could use

Jessica (00:33:33):

To sort of download music.

Ron (00:33:35):

Showed the power of the internet. And the consumers could consume music on this thing called the internet. It was like the application of all applications. The problem is it involved piracy. So he goes, "Oh yeah, yeah, I've heard about it and it doesn't sound good." I said, "It doesn't sound good because we have to fix it.

(00:34:01):

We can't put the genie back in the bottle, but you need to assemble quickly some of the record folks and their lawyers, and let's get our arms around this as quick as we can. " Probably under a million users. So everyone already knows about it. The explosion's about to start, but we were intentional about we got to get our arms around this. Yes. We are not malicious. We are not lawbreakers. Ron Conway is not a lawbreaker and neither is Sean Fanning. He was as anxious to get on that plane as I was. None of us were malicious. So he assembled a pretty good group of people in his office. Mo Austin, who was the CEO of Warner Brothers Records and Island Records, and more importantly, Mo Austin was the chairman of the RIA. And they were the ones who were already really, really pissed off that people were stealing their music.

(00:35:10):

So Jeff Berg, being a powerful person at the time, he brought into the room the perfect person. And then Richard Lear from Disney Records and then another three or four lawyers. And we walked in there and announced to them, "This is not good. Help us fix this. We're not leaving the office. We got to figure this out. " So we knew that there had to be something like licensing. And I've just pulled out my handwritten notes from March 30th of 2000, Jeff Berg, Mo Austin, and many others. In my handwriting that we prepped for them on the plane on the way to LA, we listed all the ways that we should fix this. And we said to them, "Here's our suggestions, but you need to go ... Hurry up. Let's go execute on this. " We could do rev share. We could do affiliation fees.

(00:36:15):

You guys could get income from data. We could target marketing. We could use e-commerce. We could connect promoters. We could do things at concerts. We could do sponsorships. All those examples we gave to them.

Carolynn (00:36:32):

Yep. Yeah. Yep.

Ron (00:36:33):

Now that was March 30th of 2000. It still took 10 years before music download services that were completely legal, probably Spotify, came to be because everyone's ego has got in the way starting day

Jessica (00:37:00):

One. Give me an example of egos getting in the way.

Ron (00:37:04):

What happened? The music industry thinking they had the upper hand, at the same time, the venture capitalists in Napster thinking they had the upper hand. And just that attitude dynamic, there couldn't be a good faith negotiation. Now I'm speaking for myself, and this is just my opinion. Others might disagree. But I was there, I watched it, and in my opinion, a three letter word caused this, egos.

Carolynn (00:37:41):

So you guys obviously started off on a great foot because you had all these suggestions and you came with your hat in hand. Given that that was the start, why couldn't that be the way it continued? What's your theory on ... Because it was just one meeting and you couldn't control it after that or why 10 years.

Ron (00:37:59):

One meeting turned into hundreds of meetings. Hundreds of meetings.

Carolynn (00:38:02):

Right.

Ron (00:38:03):

And we were never able to get our arms around it. And very important and the RIA sued us. And so you had negotiations to try and solve it outside the courts. Then you had the RIA suing in the courts and eventually the courts came down with an injunction that forbid the Napster service. Napster went away. The brand has been sold several times since, but the music service shut down. But what is pretty interesting is even though Napster's service shut down, that doesn't mean consumers stopped downloading music, which is one of the points that I kept making to anyone who would listen to me at the time is the genie is out of the bottle. You have to find a way to work with consumers because technology and innovation, you can't put that back.

(00:39:19):

And once a consumer learns to use this innovation to satisfy a consumer need, they are never going to stop. So deal with the problem. Don't play whack-a-mole. Let's do licensing. Let's do something. But even after Napster shut down, it took another five years. And Sean Parker led that effort trying to get the music labels. And he succeeded trying to get the music labels to cut licensing deals with Spotify. But the advent of Spotify probably was 10 years later, 10 years of hell. And the record industry being decimated when, in my opinion, it didn't need to be decimated.

Carolynn (00:40:05):

I just think this is such a monetary economic opportunity for them. It's so crazy. Obviously, ego got in the way that they couldn't see, just capitalize on it. Instead of fighting it, just capitalize on it.

Jessica (00:40:16):

Everyone can make more

Carolynn (00:40:16):

Money. Everyone can make more money. I'm amazed they didn't see that.

Ron (00:40:21):

Everyone got in their own way. The court ruling happened, but that didn't solve the issue.

Jessica (00:40:29):

Can I interrupt and ask, just tell us a little bit more about the RIA and Hillary Rosen?

Ron (00:40:35):

Yeah. The RIAA was the big bad wolf. The RIA is the music industry and the Motion Pitcher Industries trade association, hugely, hugely powerful. And all of these companies paid them huge fees. They had a huge staff of lawyers. They were ready for battle regardless. And this was a battle that they really suited up for.

Jessica (00:41:08):

The

Ron (00:41:09):

RAA led by-

Jessica (00:41:13):

Hillary Rosen.

Ron (00:41:14):

Led by Hillary, who we later became friends with, was out arresting 16 year olds.

Jessica (00:41:24):

What? I

Ron (00:41:25):

Remember that. Unless you were there, but in this era in 2000, Napster is all anyone talked about. That is why Larry and Sergei, I said in the last segment said, look at Sean, he's famous. He was on the picture of Fortune Business Week, Life Magazine, all at once at the same time. That has never ever happened because the magazines, it's kind of like a cartel. If you got them on the cover, I'm mad at you, but I'm for sure not putting them on my cover. And we went to visit Jim Wyatt, who was running William Morris, because we'd go visit all these people. We'd go to LA and spend a couple of days. Jim Wyatt had all four magazine covers when Sean and I went to visit him. And he said, he's the one who told me this. He goes, "Look at this. " He goes, "This has never happened before."

Carolynn ([00:42:29]):

Yeah. Well, so Hillary was the enemy. These other, the heads of the various talent agencies, were they kind of like, "Ron, we hear you. You're making a good point, but we can't control the RIAA," or how did they fit into this picture?

Ron ([00:42:44]):

Well, the main role of the agency heads would be to try and come to an agreement for licensing or something without lawsuits. The RIA was much more on the side of, "You're breaking the law. We're going to start suing you right away. We're going to bring the lawsuit to the 11th District Court in San Francisco," and they ultimately won. So RAA was more on enforcement. The agency heads were more about, "Hey, can we screw our heads on and come to some kind of an agreement where we won't need lawsuits?" But that never happened.

Jessica ([00:43:28]):

Yeah. Arresting 16-year-olds?

Ron ([00:43:31]):

Yes. This was unheard of. And at the time, I think they had, because then they would go to a juvenile hall. They wouldn't go to jail, but they set up the whole apparatus to do this and it was more symbolic. Yeah,

Carolynn ([00:43:49]):

It

Ron ([00:43:50]):

Was for scary. Scared

Carolynn ([00:43:51]):

Straight.

Ron ([00:43:52]):

My kids were avid, avid Napster users. There wasn't anyone under 18 in America who had an internet connection who wasn't using Napster. It was teenagers. It was magic to be able to type in and listen to music. This was magic.

Jessica ([00:44:09]):

Yeah. Teenagers now can't imagine a world before Spotify or Apple Music.

Ron ([00:44:15]):

Yeah. But before this, there was nothing. So the availability of music on the internet was Nirvana. It helped me because before this, my kids were never interested in what I did.

Jessica (00:44:31):

This

Ron (00:44:31):

Is what got them interested. And what I did was pretty obtuse because how many angel investors are there? They'd have trouble describing what I did. Then they came and said, "Now, so you're somehow involved in this? " I go, "I'm very involved in this because we're an investor in the company. That's what my day job is. " And they were so excited about it. They said, "Can we invest?" So they scraped up some of their own money so that they could be on the cap table. Wow. I got to explain to them, when you invest, you go on a cap table and you're an owner in a company. "Hey, we want to do that. "I said," This was good learning experience.

Jessica (00:45:09):

"Too bad they weren't that enthusiastic about Google for their sake.

Ron (00:45:13):

Google just wasn't ... There were a lot of search engines. There was only one Napster. There were more later when peer-to-peer networks came out, but for a long time, there was only one place where-

Carolynn (00:45:31):

I remember it was very zeitgeisty. I remember this era very, very well. And I remember the 16-year-olds getting arrested. That was huge news. I remember the RIA being the big bad guy. And was Bertelsman somehow deeply-

Ron (00:45:45):

Oh, well, Bertelsman came in and invested and saved the company after Hummer Windblad.

Jessica (00:45:52):

Okay. Oh, we're out of order.

Ron (00:45:56):

When Aaster almost went out of business every year when they ran out of money and had to find another investor, who would want to invest in this company? Yes. Finding investors was not easy.

Jessica (00:46:11):

So you helped them find investors though,

Ron (00:46:14):

Right? Yeah.

(00:46:15):

So we meet them on 4th Street in San Mateo. We take them to LA and we get that started. But at the same time, in parallel, we're talking to all of our VC friends about, will you invest in this new company we found called Napster? They all knew ... It didn't take long. They all knew what it was. And 99% of the VC said," It's fascinating. If it was figured out, it would be the biggest company on earth, but I'm not taking that risk. "In fact, I say quite often, venture capital is a misnomer because many venture capitalists are not willing to venture and take a risk. However, I was good friends with Anne Winblad, who I knew from the Altos days. When we were running Altos, which were these micro computers, we had to add software on those, application software. She ran the biggest application software company for microcomputers.

Jessica (00:47:30):

Open Systems.

Ron (00:47:31):

Open Systems is Anne Winbladd. She was also Bill Gates' very longtime girlfriend before he met Melinda.

Carolynn (00:47:41):

I did know that little detail. I don't know why, but I did

Ron (00:47:43):

Know

Carolynn (00:47:43):

That.

Ron (00:47:44):

Yeah. So Anne Winblad was well known. So after she sold her software company, moved to California, and she started being a venture capitalist. So I called Anne and I said," Hey, I have a very special company, and can you take the leap of faith? "And she said," Yes, we're going to take the leap of faith. "And we were raising 15 million at the time.

Jessica (00:48:11):

That's a lot

Ron (00:48:12):

For that area. Which at the time, probably today that's 50, 60, 70 million, but it's what we needed to get to the next step. What was worrisome is we had no backups. Hummer Windblad's the only venture firm who expressed an interest and gave us a term sheet. Now, we knew that. They didn't know. They had to assume there were maybe other term sheets, but there were not. So when they gave us the term sheet, I was very, very excited. And because of my friendship with Anne, I said," Let's go out to dinner. "And by then, they had hired Hank Berry out of Wilson Soncini to run the company. It made me a little nervous that they picked a lawyer, but it had some logic because we knew we were going to get sued. But a lawyer to run the whole thing, and they just said," We won't do this unless Hank is the CEO, because it makes us feel more comfortable that he'll be able to deal with the lawsuits.

Jessica (00:49:32):

"Oh, he's going to be the CEO of Napster. Yes.

Ron (00:49:35):

Yes. And he came to the

Jessica (00:49:37):

Dinner.

Carolynn (00:49:38):

Does Aileen on board with this? Does she know? Is she okay with it or had she not been told?

Ron (00:49:43):

No, Alina had not been told that yet. Okay.

Carolynn (00:49:45):

So this is going to be a

Ron (00:49:46):

Surprise

Carolynn (00:49:46):

To her. Okay.

Ron (00:49:47):

This was all part of the term sheet.

Carolynn (00:49:48):

Right. Okay.

Ron (00:49:50):

Well, it wasn't part of the term sheet. So I got them to agree to invest 15 million. They said," Well, invest 15 million of Hank Berry's the CEO. "We said," Great. "And they signed a term sheet. And so I said," I want to meet Hank and I want to hug Anne for taking this big risk for the children of America, for all music lovers, this company will live to see another day. "It was literally out of money. We get to Vintagello, which is right below Knob Hill. At the time we had a little place on Knob Hill. This was the best restaurant. We get in and they had signed the term sheet. This is celebration dinner. So they sit down. I had already talked to the waiter. The minute they sit down in comes a bottle of Dom Perion, he uncorks. As he's uncorking, I'm looking at Anne and Hank and they are not smiling.

(00:50:56):

Oh my

Jessica (00:50:56):

God.

Ron ([00:50:57](#)):

And I'm ear to ear. I got 15 million. I love Anne Winblad. I'm meeting Hank Berry. We're opening Dom Perion. Life is good. And so then he goes to pour the champagne and they put their hands on the glasses. And I said," Hey, hey, hey, hey, we have a problem. "And they both nodded yes," We have a problem. "I said," Well, I have a signed term sheet. "And they said," The hand's still on the glasses. "Yeah, you have a signed term sheet, but we have a problem because we can't go through with this in hindsight, but it was only a day or so hindsight, we don't think this company could be successful. And they named two reasons. Eileen can't be the CEO. We want to bring in Hank. And Sean's uncle is disruptive. Well, was

Jessica ([00:52:05](#)):

Sean's uncle's involvement in

Ron ([00:52:06](#)):

Napster? He was brought in very early and was really involved. I don't know if he had a title per se, but he was there and he was a board member. And that's what they didn't like. They said," We need John Fanning's resignation and we need Eileen to cooperate on a transition.

Carolynn ([00:52:32](#)):

"Okay.

Ron ([00:52:34](#)):

And I just said," Okay. "Well, they had their hands on the glasses and I said," Okay, if you can't invest, we're not leaving until you tell me why, because we're not leaving until we have a get well plan that you do invest. "Because I knew we were going out of business if we didn't get that. So I said," We're going to talk the rest of dinner around how we get a term sheet that you like because their two suggestions were not unreasonable based on the risk. "So I said," Let's just work together, but you have to commit to me by the end of dinner, then we'll drink our champagne on that, that if I lean, agrees to a transition and John Fanning is not on the board, we'll come back in. "I said," Okay. "And there might've been other things, but those were the two monsters.

([00:53:39](#)):

The

Jessica ([00:53:39](#)):

Two biggies.

Ron ([00:53:40](#)):

Those were the two biggies. So I said," Okay, we're going to go do that. "And they're like, " Well, if you don't, you're not going to be too mad at us because you stayed at dinner with us and we finished the champagne. "So I had my marching orders for the two action items.

Jessica ([00:53:57](#)):

Hold on. Were you angry though?This is a signed term sheet.

Ron (00:54:02):

Of course I was angry, but when you need 15 million and you are going out of business, you do not get angry. You get really concerned, you let them know that. But I did not go on any vendetta like you broke your promise because when I found out, believe me, we were going out of business. We were not meeting the next payroll. And so I'm like, I knew this was our only prospect.

(00:54:31):

So Napster's dead. I didn't want it to die because I wanted, how's this going to play out? We just can't let it end. That was also a motivating factor is it's too early for this to die because I want to see how this plays out that's too interesting. And I got the kids every night at dinner saying," What happened today? "Because believe me, every day something happened. So coincidentally, while I was sitting at Ventachello, part of the reason I picked Vintagello is Sean Parker and Sean Fanning were at the Webby Awards, which is kind of like the crunchy awards of today, but the Webby Awards were the awards event for internet 1.0. Yeah,

Jessica (00:55:15):

The Oscars.

Ron (00:55:16):

Yeah, it was the Oscars. And it was at Masonic Auditorium. They had blocked all the streets around it for the after party. The Webbies was a big deal. I mean, I had never seen Knob Hill with no traffic, everything blocked off because 1600 people came into the streets, open bars everywhere. The Webbys, her name was Schlain and she knew how to run a really good event and party. So we finished dinner and I say," Now I got to go up. I got to find the two of them and tell them-

Jessica (00:55:49):

Because they're at the Webby's receiving awards.

Ron (00:55:51):

Yes. They received every award that night.

Jessica (00:55:54):

Wow.

Ron (00:55:55):

They walked out. They each had an armful of awards, smiling ear to ear and son Danny, who was in high school, was with them. Remember, our kids were very excited about Naster. And I said, Danny, I can't go to the Webby's. You go to the Webbies with them. So believe it or not, a high school kid is chaperoning the two Seans,

(00:56:20):

But it's not completely crazy because the two Seans were pretty wild at the time. So they come out with all their awards and they were so ecstatic. It was affirmation that they were doing something. It was the first outside affirmation because you had all this controversy. So it was the first affirmation they got. They're the happiest I've seen them, literally since we invested. And I said, "We have to talk." And they go, "What do you want to talk about? " I mean, it was like I was going to tell them my impression of their awards or something. I said, "No, we have to talk talk talk like not a good talk." And, "What are you talking about? " I said, "Hey, there's people everywhere. Danny's drinking beer, so I'm watching him saying he should not be drinking beer. Danny, get back here." I said, "We have to go find a quiet place to talk." So we went to a quiet place in that park right on Knob Hill with the beautiful bushes and stuff.

(00:57:23):

And I found a place that was relatively quiet. And I said, "Guys, the Hummer Windblad financing has fallen through. As you know, we don't have a backup. We will not meet payroll next Wednesday. We have an emergency." So it took them a while to listen carefully, and then they go, "Sounds like we have an emergency." I said, "So there's two things that have to happen. Eileen has to go through a transition and Sean, your uncle has to get off the board of directors." And Sean's uncle had huge pride of authorship and Sean said, "That's not going to be easy, but let's go do it. " So that's on a Thursday. We go to LA on a Friday, all of us, because John Fanning happened to be in LA, and Sean Fanning and Sean Parker were going to go find him and give him the piece of paper he had designed to resign from the board.

Jessica (00:58:30):

Okay. Let me ask you a quick question about John Fanning. He's from the East Coast, right?

Ron (00:58:37):

He's from the East Coast.

Jessica (00:58:39):

Did he have a business/technical background or was

Ron (00:58:42):

It sort

Jessica (00:58:42):

Of random that he was on the board,

Ron (00:58:44):

Frankly? I say a little bit and random.

Jessica (00:58:48):

Okay.

Ron (00:58:49):

So we're all in LA. Our hangout was the Peninsula Hotel, which has become complete folklore with all of us because that weekend we had been investors in Napster for three weeks, but my hotel of choice was the peninsula. So the two Seans had to stay at the Peninsula. The two of them for their entire lives have been in love with the Peninsula of Beverly Hills. It is our go- to hotel. Every person in the hotel knows all three families.

Jessica (00:59:23):

Oh

Ron (00:59:23):

My God. It's become part of our heart and soul. It's the Peninsula Hotel. So we're up in a cabana at the Peninsula Hotel, which we have turned into a war room to find John Fanning. So he had found out what was going on, and so he was going from hotel to hotel, yada, yada. We didn't have GPS at the time.

Jessica (00:59:54):

Sort of evading Sean?

Ron (00:59:56):

Yes. Evading, running away, escaping any of those words. So we spent the entire weekend. We didn't even find him till Sunday, as I recall, but we'd get a clue where he was. So Sean Fanning was calling other relatives to get hold of John, to get a grip on his location. And then they'd jump in the car and try and go find him with the signature or Napster's going out of business.

Carolynn (01:00:27):

Right, right. Save the company. Stressful.

Ron (01:00:30):

So very stressful, but also entertaining because we're sitting at the peninsula. Because you're

Carolynn (01:00:36):

By the pool on the roof of the peninsula.

Ron (01:00:38):

So Sunday night, we come back and by then the two of them had gotten his signature. We talked to Eileen and we put the deal back together. And on Monday, we got the 15 million. Nice. It may not have been Monday, but we got the money and we were allowed to live another day.

Jessica (01:01:03):

You made payroll.

Ron (01:01:04):

We made payroll and we had 15 million in the bank.

Jessica (01:01:07):

Ooh, that was close. Yeah,

Carolynn (01:01:09):

No kidding.

Ron (01:01:09):

But it's probably the closest I've ever been to seeing a company just evaporate that we knew could be a really important company. We could not let it happen. It was a three-day saga. The OpenAI coup was a five-day saga.This gave me practice for the OpenAI coup where I didn't sleep for five days, but this was three days of really high tension and frustration. Because by Sunday, when we got back to Atherton where we were living at the time, I was at wit's end. We are running out of time. And I remember this Sunday night, I was not nice to Sean Parker and Sean Fanning because they were still there. I said, "You're not leaving until you find them." And as it got closer, I said, "You just go find him. No more excuses. You are to go find him right now." Because they'd have clues.

(01:02:23):

Well, you have to go follow up on those clues. Emergency. And it happened.

Carolynn (01:02:31):

Where was they find

Ron (01:02:32):

Him? I don't remember, but in a hotel somewhere.

Carolynn (01:02:38):

They just eventually got the right hotel and that costed him.

Ron (01:02:42):

Or they talked sense to him on the phone or something. I don't remember that exact detail.

Jessica (01:02:47):

Surely the argument, we will let you keep your equity and that will be-

Carolynn (01:02:52):

More valuable.

Jessica (01:02:53):

... more valuable if you agree to these terms rather than zero, which it will be on Monday.

Ron (01:03:00):

Right. But we just need you off the board.

Jessica (01:03:02):

Yeah. Oh my gosh, that's crazy. So at the 11th hour, you got the signature. You call Hummer Winblad on Monday and you're like, "We've ironed everything out. Let's move forward with the term sheet."

Ron (01:03:13):

Yes. The 15 million came in with little crumbs of money from Topher, Danny and Ronnie, so they were shareholders.

Jessica (01:03:22):

Oh,

Carolynn (01:03:22):

Wow.

Jessica (01:03:23):

I love

Carolynn (01:03:23):

That. Yeah. So how long did that money last, Ron? Do you remember?

Ron (01:03:29):

I don't. I would estimate about a year. And I do think the next investor was a Bertelsmann. Was

Carolynn (01:03:41):

Bertelsman,

Ron (01:03:41):

Okay. Which was a lot of money. I think it was a hundred million.

Carolynn (01:03:45):

Yeah.

Ron (01:03:46):

So there might have been some interim financing. I don't think there was, but Bertlesman became the next really important one. A company from Germany, family owned. Thomas, I can't remember his last name, but it was Thomas something, was the CEO. When it's a family-owned business, not in the United States, they were the dream investor. Once again, didn't have any backups. And Tom's name is coming to mind because without him, once again, we would've gone out of business. So the Berlsman funding happened. I'm at a Cara Swisher conference when it's happening. And I wasn't knee-deep in the Bertelsmann thing, but I was pulling strings and stuff. I can't remember exactly what, because I knew it had to happen. Or once again, we'd be out of business and we'd never know what the potential of the company was. Thomas Middlehoff, at the time he was God. Thomas, thank you, thank you.

(01:05:06):

Family run business, not in the US, 100 million bucks. The financing's about to happen, and Sean Fanning calls me. I said, "Sean, we got all this commotion going on. What do you want? " He goes, "I want you to know, and I want you to be the first to know. " I mean, he and I were very close. Thank God I was the first one that he called. "I want you to be the first to know I'm resigning from the company today.

Jessica (01:05:33):

"Oh my God, Ron.

Ron (01:05:35):

And I'm sitting in a hotel room somewhere in LA. I said," Let me make one thing clear to you. You are not resigning today. "And he goes," Oh yes, I am. "I said," No, you're not. "So I said," You need to just get that out of your head. "He goes," No, I'm resigning today. "I said," You're not resigning today because if you resign today, Thomas Middlehoff is not going to put in a hundred million. "Right. "Oh, yes, he will." I go, "No, no. The namesake of the company does not resign the day of the funding." I said, "You are staying put." And he said, "Nope, I want to resign." And I said, "Why do you want to resign? I want to start a company that fixes all the licensing issues." Wow. And I said, "Oh, you do, do you? " And he explained how he was going to do it.

(01:06:33):

I said, "Sean, that actually sounds pretty interesting, but we're going to do a hundred million financing. You are not leaving the company. You don't have to work that hard, but you are a figurehead in the company." And he said, "No, I don't think I want to do that. "

Jessica (01:06:51):

Oh, gosh.

Ron (01:06:52):

I said, "You really want to do your idea?" He goes, "Yep, I'm going to do my idea." I said, "Okay, let's take another look at this. How about if you hold the idea?" I said, "I actually think the idea is pretty good. You hold the idea and in about a year or so when we know the potential of this company and we see how it plays out, then you can leave. I will be a co-founder and SV Angel will be your angel investor." No questions asked.

Carolynn (01:07:26):

What a deal. What a deal.

Ron (01:07:27):

And Sean said, "That's a deal." I said, "So you're just going to stay in your office and keep your mouth shut, and this is just between the two of us."

Jessica (01:07:36):

Act normal.

Ron (01:07:38):

Act normal. Because Thomas Middlehoff loved hanging out with Sean Fanning. Everyone on earth loved hanging out with Sean Fanning. He was, I don't know what the Larry and Sergei of today type thing.

Carolynn (01:07:53):

He had charisma.

Ron (01:07:54):

Yeah. Yeah. Well, Sean's actually, he's actually a recluse, but because of his sincerity and passion for the mission, that was his charisma, but he had no real outgoing charisma. But if you talk to him, there was a lot of content there. So we cut that deal and that later became the startup that he started after Napster called Snow Camp. And I worked side by side with him. It was after the crash, so I had a little more time on my hands to keep my promise with Sean. I kept my promise. We worked a lot on Snowcap.

Carolynn (01:08:34):

Was there no thinking that you could have Snowcap be a business line under the Napster umbrella? Was that just

Ron (01:08:41):

Not a thing? No, we just had to get that money from Middlehoff. And the company already had a whole bunch of employees and 100 million was called for, and that would be way, way too disruptive. For the next year, it was just keep Thomas happy and keep paying the bills. A lot of that money went for lawyers. I was going to say- So Midland paid for all the lawsuits. Of course.

Jessica (01:09:04):

Isn't this now-

Ron (01:09:04):

I mean 50 million went to the lawsuit. When the

Jessica (01:09:07):

Lawsuits all

Ron (01:09:07):

Happened. Knee deep in lawsuits. I bet you it was 20 million a month in lawyer fees.

Carolynn (01:09:13):

But Thomas knew that's what he was getting into.

Ron (01:09:15):

Oh, he knew he was taking a huge risk, but it built his brand. It built the Bertelsmann brand. Every child in America loved the Burtlesman brand after that. I mean, it did a lot for the Bertelsmann brand and it was an unhappy ending at the end and they stopped investing. But at the time, it was as desperate as the Hummer Windblad financing.

Jessica (01:09:47):

So then what happened? You're still trying to hammer out these deals with

Ron (01:09:52):

Hollywood

Jessica (01:09:53):

And fight off the lawsuits?

Ron (01:09:54):

Yeah, yeah. In parallel, trying to negotiate with the labels and work on the lawsuits, defending ourselves in the lawsuits. And by then, Sean had really mentally divorced himself from the business. Ever since he called me that day with, "We need to start all over again with a new licensing regime." It didn't have a name yet, but eventually it was called Snow Cap. By the way, he will tell you that it's snowcap because of my white hair, snow cap. No

Jessica (01:10:32):

Way. I love it.

Ron (01:10:33):

Yes way.

Jessica (01:10:33):

That is great. So great.

Ron (01:10:35):

You should interview him sometime.

Jessica (01:10:38):

He's a hard person

Ron (01:10:39):

To get to interview.

Jessica (01:10:41):

Do you remember when he came to Y Combinator?

Ron (01:10:44):

Yeah, I'm saying that facetiously.

Jessica (01:10:45):

Okay.

Ron (01:10:45):

Yeah. He likes being reclusive. So the first day of the lawsuit on Golden Gate Avenue in the federal building, there are court rooms in that building. And the first day of the lawsuit, I said to Sean, "You've been subpoenaed. You have to go to court." Not optional. Thomas would be very unhappy if you defied the courts. And this is all about, we just got to keep the engine running. So I said, "You go to court." And in the conversation, he must have been apprehensive about it as he was, because he's a shy person. I said, "Hey, don't worry about it. I'll be there. I won't be with you, but I'll be in the building." And I kept my promise. I went and I had my coat and tie on. I actually got in at the very end. The hearings, they go long enough, people get bored and leave.

(01:11:57):

So I ended up at the very end getting a seat. But as soon as it was over, Sean immediately came to me and was just thankful that I was there. We went down the elevator. In DC these days, you see these clusters of the press, but this was a cluster of over a hundred news media, over a hundred? The entire front. It sounds terrible. Of Golden Gate. Remember, Napster is all anyone could talk about.

(01:12:33):

The entire front of the courthouse was TV cameras and TV trucks. And the Napster management team was at the mic talking. Sean really didn't want a lot to do with the company. So he and I were kind of on the sides and I could tell that Napster Management eventually wanted him to go up there and at least stand there. And I said, "I think they want you to stand there." He goes, "I'm not going to go up. I'm not going up there." I said, "Come on, you got to go up there." And so he tries to change the subject on me when I'm telling him, "You got to go up there. They're not going to make you talk." We knew how shy he was. And so he tries to change the subject and he goes, "Hey, what do you think of my get up?" I go,

Carolynn (01:13:26):

"Looks

Ron (01:13:26):

Pretty good."

Carolynn (01:13:27):

Get up.

Ron (01:13:29):

He put on a suit and tie. Okay. You have to, you're going to the ninth district court. But I looked down and the cuffs were on the floor and I go, "Oh, wait a minute." And he starts to laugh. I go, "Those aren't your pants. None of this stuff's yours." He goes, "Well, you told me I had to wear a coat and tie." And I forget who he took this from, but it was something much taller than him, but he put on the get up. I said, "You got to have a coat and tie on. " He goes, "So you said coat and tie?" "I think I look pretty good.

Jessica (01:14:04):

"Did he look

Ron (01:14:05):

Good or did he look ridiculous? He looked really ridiculous. And I hadn't really looked at his get up because in the moment I was looking at him, but he eventually said," Oh, okay. Now that you've acknowledged my get up, yeah, I'll go stand up there.

Carolynn (01:14:23):

"Maybe he was hoping you would say," In that get up, you may not stand in front of TV camera.

Jessica (01:14:28):

"Ron, if you had a dollar for every time you had to convince Fanning to do something you needed him to do, would you have a lot of money right now?

Ron (01:14:40):

Well, I have enough. Stand up there. Because there were many, many instances where it was needed by the company for him to make appearances and things. And that's when Napster was smart enough to hire Ricky Seidman, who's one of the smartest, most compassionate communications people on the planet. She even prepares Supreme Court justices for their hearings, et cetera. She worked with Christine Blasey Ford and other Supreme Court nominees. And Napster was resourceful enough to go find her and she became Sean's ... Remember, I'm running SV Angel. I'm doing a lot of stuff. I spend a lot of time on Napster, but she had many more hours to spend with Sean training him for media appearances, coaching him, but also being a very trusted friend of his who also gave him lots of personal advice and confidence. They are still friends.

Jessica (01:15:57):

Oh, that's

Ron (01:15:57):

Nice.

Jessica (01:15:58):

Nice.

Ron (01:15:59):

But Ricky Seideman, we would not have limped through this without Ricky Seideman. And if Sean was here, he refused to talk, but he'd be nodding. "Yes, yes, yes. Ricky Seideman really helped me a lot." She was his eyes and ears and gave him comfort to see it through.

Carolynn (01:16:20):

By the time Hank was installed as CEO, how involved was Sean Parker at that point?

Ron (01:16:25):

Sean Parker was always extremely, extremely involved. He is the opposite from Sean in the outgoing department. Sean is very withdrawn and shy. Sean Parker's just the opposite. Sean's as outgoing and affable as you can be. So Sean Parker was super, super active in the company, in every aspect of the company. Now, after Hank Berry stepped down, a guy named Milt Olin came in. He was another lawyer, but he was a record industry lawyer. And so Milt Olin was a big comforting factor for Sean Fanning as well.

Carolynn (01:17:12):

Okay. Did Sean Fanning leave before Hank or after Hank? Because it sounds like Sean

Ron (01:17:20):

Left to go- No, Sean Fanning stayed to the bitter end.

Carolynn (01:17:23):

Oh, he

Ron (01:17:24):

Did. Because of our deal.

Carolynn (01:17:25):

But I thought you said he only ha stay a year. Wasn't it only a year? In the last year?

Ron (01:17:29):

It

Carolynn (01:17:29):

Only took

Ron (01:17:30):

A year.

Carolynn (01:17:30):

This is very compressed.

Ron (01:17:31):

A year a little more. Okay. But yeah, he kept the spirit of the deal and was very withdrawn from the day to day, but would not leave the payroll. That would be the biggest story around.

Carolynn (01:17:45):

Right. Okay.

Ron (01:17:46):

Sean Parker might have actually left to start Plaxo before the very, very end, maybe. Okay.

Jessica (01:17:55):

Do you want to tell us how it ended? Are we at that point yet or are there more things in between the end?

Ron (01:18:03):

Well, I was going to tell another vignette. So Ricky Seideman was really close to Sean along with me, but Ricky Seideman, her only assignment was to help this poor co-founder cope. And he had to talk to the press occasionally. Once again, Bertelsmann, 100 million, he had to keep his persona out there, but she just took care of all of that. I took care of a lot of internal things and still trying to get a deal done with the industry from the outside. So I would talk to Milt Olin all the time, but our kids all became friends too. So Sean Fanning and Sean Parker became my friend/mentor relationship. But because my kids loved Napster, my kids came. Any quasi-public event with Napster, I couldn't keep them away. They'd always be with me. So when Topher graduated from high school, it was very natural for Sean Parker and Sean Fanning come to the graduation party at our house with T-shirts and hats for everybody.

(01:19:26):

Oh

Jessica (01:19:26):

My God.

Ron (01:19:27):

Can you imagine? That's

Jessica (01:19:27):

Amazing.

Ron (01:19:28):

A group of eighth graders at the height of Napster, literally God showed up.

Jessica (01:19:35):

Yeah. Wow. I can't even

Ron (01:19:37):

Imagine. It was quite the surprise.

Jessica (01:19:39):

Didn't Fanning use Ronnie's ID?

Ron (01:19:42):

Yes. You have

Jessica (01:19:43):

To tell that. That's

Ron (01:19:44):

Another good one. So yeah. So our families became friends and when Milt Olin was there, we were all pals. And so Fanning got the courage because he wanted to go out to bars to ask Ronnie, who had just become 21, "Hey, Ronnie, can I steal your ID?" And Ronnie gave Sean Fanning his ID. To this day, because Sean Fanning has a photographic memory, when he sees Ronnie, he recites every single thing on his license. Because when you go to bars, they- They quiz

Jessica (01:20:25):

You.

Ron (01:20:25):

They quiz you. And so Fanning still-

Jessica (01:20:29):

He knows the birthday. He

Carolynn (01:20:30):

Knows the- And the address and probably the astrological sign. Yes. All that stuff. The

Jessica (01:20:35):

Backstory.

Carolynn (01:20:36):

That's funny. That is funny.

Ron (01:20:39):

So we run out of the Bertelsmann's money and it's down to 10 million left. And I'm monitoring everything and I have spies everywhere. And because the company still has a legal mindset, the 10 millions go into the lawsuits and they're going to lay off the employees with no severance. I flip out. And one of the things I use ... Well, Linda Hemelstein from Business Week, every major publication had a full-time person on Napster. Wow. They all knew me because it didn't take long to say, "That is the only survivor who the kids still love." So Hank was still on the board with John Hummer. So I called them up and I said, "Hey guys, there's a rumor. Just tell me the rumor's false that we know we're going to shut down." Because the whole time we were negotiating with Bertlesman, give us another 20 million.

(01:21:51):

And it came to the point where Bertelsman pretty finely said, they kept putting conditions on it. The VCs unreasonably would not agree to Thomas's conditions. So I was furious at them anyway. Then I hear the rumor they're not going to give out severance. They're going to use the money for lawsuits, which is basically paying themselves because the way the lawsuit works, they're liable

(01:22:16):

Personally. And they go, "Uh-uh, it's all going to us." And I said, "Not so fast." So I was at a stalemate with them. Linda Hemelstein's chasing me around. So finally it was extortion. So I said, "Okay, guys,

(01:22:30):

As long as you're willing to have this on the front page of every newspaper in America, that you screwed these people who have been through hell. All of them 22 or younger. Are you ready?" "Oh, we're ready, you asshole. "And that pissed me off. I called Linda and I told her the whole story. I said," Call up these two assholes and tell them you're ready to print. "Wow. I called their bluff. So she calls them and says," I'm printing this story. I just want to quote. "And they go, " Oh, no, no, no, no, no. No, you can't do that. You can't do that. "Then they call me and they go, " Hey, that's extortion. "I go, " You're the one that drove me to it. Assholes, you are giving those employees their severance. Are you giving the employees the severance or not? ""Yes, we're giving them the $10 million." I won.

Carolynn (01:23:16):

Oh, wow. Wow.

Ron (01:23:20):

I think you're now going to say, yes, you have to say this.

Jessica (01:23:22):

I was just going

Ron (01:23:23):

To say, Ron. So Linda is the most feisty person on the planet. So the deal was you cut her off, we give them 10 million. I call her up and I said, and I explained this to her. I'm using you for extortion. I call her and say, "We got the 10 million for the employees. Don't run the story. Fuck you. Click." I

Carolynn (01:23:46):

Knew

Ron (01:23:46):

It. And she ran the

Carolynn (01:23:47):

Story. Because that's a better story, the fact that it's like what happened plus the

Ron (01:23:51):

External. The

Carolynn (01:23:52):

Story ran. Oh no, God. I never trust

Ron (01:23:55):

Trust people. John Harmer don't like me a lot. So is this good enough I have to tell it?

Jessica (01:23:59):

Yes. Because it shows what Ron Conway will do.

Carolynn (01:24:04):

Will do. Yeah.

Jessica (01:24:05):

For the right cause. Yeah. So when it ran, so they gave the money away and they got embarrassed.

Ron (01:24:14):

Yeah. She waited until she knew the payroll had passed.

Jessica (01:24:17):

Oh, she did that.

Ron (01:24:18):

Oh yeah. Well, no, she said F you, but she had sources inside the company too. So she for sure made sure the payroll had run. That they got paid. Because that was the mission. So she knew the employees got their payroll.

Jessica (01:24:35):

But see, this is the thing about you. For the right cause, you don't care if people hate you.

Carolynn (01:24:41):

Yeah. What's great in context is so that one of the major themes of all of your stories is how good you are at maintaining networks, true friendships. And you don't have a lot of enemy stories. You have really no nemesis. And this is the one example where you're like, "This is what I was willing to do. "

Ron (01:24:59):

Well, I have enemies who are the rotten people who I've-

Carolynn (01:25:02):

Well, the dirt bags. Yeah. Right. But I'm just saying, you were willing to ... It's Jessica's point. You were willing to make enemies because you felt it was so important. And that's not a story we've heard a lot. So I like that. It's really good.

Ron (01:25:14):

The oldest one was 24.

Carolynn (01:25:16):

Amazing.

Ron (01:25:17):

Yeah. And they were about to be walked out of the building with no severance. Because we can pay lawyers. No, thank you.

Carolynn (01:25:24):

Isn't it also a really bad time economically? Because this would've been 2001-ish. There were no jobs. The whole

Ron (01:25:30):

Internet had

Carolynn (01:25:31):

Crashed. It was a bad time.

Ron (01:25:33):

So speaking of meeting payroll, there's another similar incident that happened, except this one unfortunately was just a few years ago. Aussie Media shut down and the founder of that company, again, chose not to give or even guarantee employees their severance. That is not fair. These employees were the heart and soul of the company like they are in every company, but they're more special when they're about not to get severance. That's a pet peeve of mine, as you can tell from the Napster story. So the minute we heard the company was shutting down, I think the company was shut down because he got arrested, is my recollection, but it was an abrupt shutting down. And it didn't take long for some of the team members to tell me, "Do you know we think we're not going to get an ounce of severance because Carlos Watson wants to probably use the money for legal fees." Were

Jessica (01:26:51):

You an investor in Aussie Media?

Ron (01:26:53):

We were investors in Aussie Media. Yes. Yes. This was a portfolio company just like Napster.

Jessica (01:26:59):

Did Carlos Watson go to jail? No.

Ron (01:27:02):

Trump just pardoned him. So let's not get into it. Let's not get into it.

Carolynn (01:27:07):

I remember reading

Ron (01:27:08):

Something about this. He got a 13 month sentence, was on the plane to jail, and he was pardoned.

Jessica (01:27:14):

I'm going to need a glass of wine.

Ron (01:27:15):

Let's segue back into the height of the Napster years. There's a couple of stories that stick out in my head. One of them involves Metallica, and the leader of Metallica is Lars Ulrich. The

Jessica (01:27:38):

Drummer.

Ron (01:27:39):

The drummer. He's kind of the spiritual leader. And at the height of Napster, Metallica sued Napster, plus they sponsored a petition against Napster. But what was more significant is the entire band went to the Napster offices in San Mateo with the petition with, again, many, many reporters from the press. It was a nationwide story. I remember it. That Metallica was leading the way with its lawsuit and petition.

Jessica (01:28:18):

Wow. Yeah.

Ron (01:28:19):

And I remember Sean Fanning and Sean Parker were in the office. My recollection is they barricaded themselves in the office to avoid a confrontation. That's my memory. But Metallica had a huge protest in front of the office. And for a while, no one at Napster liked Metallica. They really shined a spotlight on the company saying, "You are a bunch of premeditated thieves." And we were like, "No, we were just writing a software program for the roommate. And once the genie's out of the bottle and consumers like something, consumers don't like things taken away from them." And this has gone to a new level and we don't think you're going to solve it protesting in front of our building. What is so funny is years later, Sean Parker met up with Lars and has become friends of Lars, so has a happy ending. I

Jessica (01:29:25):

Love this.

Ron (01:29:26):

And I have become a friend of Lars, but the reason I became a friend of Lars is very, very convoluted. So I buy a house in Belvedere and I did not know that there was competition for the sale. In fact, I had reason to believe there was no competition for the sale because the price was dropping quite a bit, which got me interested. But lo and behold, Lars Ulrich happened to be on tour in Europe and was very interested in buying The house that I now live in, in Belvedere. Lars was very, very upset and heartbroken, sitting in Europe saying, "I lost my house." And the house was not in our name, but there was a rumor it was a tech guy. Lars Overt calls his friend Mark Benioff and says, "Hey, some tech guy just bought my house in Belvedere." Mark Benioff happened to know that that was us.

(01:30:23):

And Lars said, "I hope he bought it on spec, that he just wants to flip it.

Carolynn (01:30:28):

"

Ron (01:30:29):

And Mark said, "I don't think he wants to flip it, but I want to stay out of this. I'll give you his number." Lars Olrick calls me out of the blue and says, "I'm Lars Ulrich." By the way, I don't know much about music. I was just going

Jessica (01:30:43):

To say, have you even heard of Metallica Rock?

Ron (01:30:45):

Of course not. But Mark Benioff alerted me. Mark said, "I just gave him your number. He's the drummer from Metallica. Ask your kids about Metallica," which I did. And the kids said, "Hey, this guy's legit." So Lars calls me and he just says, "I have one question. Please, you're buying it on spec and you're going to flip it because you're going to flip it to me. " I said, "No, I bought it to live in and I'm horribly sorry." And he was really upset. And I just had to repair it in some way. And I said, "When we have a house warming, could I invite you? Would you like to see the property? Would that help you or make it worse?" He goes, "No, I'd really like to see the property. I'd like to take a last walkthrough." I go, "You're coming to the house warming." So we had a house warming a few months later with Willie Brown and a bunch of friends and stuff and invited Lars and Jess, his wife who's just as good a person as he is, met them, loved them, and they spent the night touring the house.

(01:31:48):

But then subsequently we've become friends and we have holiday experiences together. Well,

Carolynn (01:31:55):

I

Ron (01:31:55):

Love that. So everyone has come back together.

Carolynn (01:31:59):

Did you ever say to him like, "Hey, by the way, I was at Napster when you protested

Ron (01:32:04):

Her." Oh, he knew this already. He

Carolynn (01:32:06):

Already knew. So when Mark said it's Ron Conway, he's like, "Oh, I remember that guy."

Ron (01:32:10):

Yeah.

Carolynn (01:32:10):

Okay.

Jessica (01:32:11):

That was very sort of business savvy of Metallica.

Ron (01:32:14):

Oh, Lars is very business savvy.

Jessica (01:32:16):

Yeah.

Ron (01:32:17):

Lars is, in the music industry, he's, in my opinion, one of the most business savvy people.

Jessica (01:32:25):

And nice.

Ron (01:32:26):

Oh, they're just great people, him and Jess.

Jessica (01:32:31):

Did you ever introduce him to Sean Fan? I mean, you said he and Sean Parker are

Ron (01:32:36):

Now friends. He and Sean Parker met on their own separately. I think Sean Parker, in my recollection, wanted to repair that and reached out and now they're friends. Oh,

Jessica (01:32:49):

That's nice too.

Ron (01:32:50):

Sean Fanning is reclusive enough. He's fine not having to meet anybody. But another, so kind of back to all of our connections with the agents in LA and the ongoing saga trying to come to an agreement without the lawsuits for Napster and the music industry to settle up somehow. And Len Armato was friends of Quincy Jones. And in addition to all the agency heads trying to figure out a way to solve this, all of them were always having meetings with different sets of people trying to see if this was the chemistry where we could get down to a contract between Napster and the music industry, but they all failed. But everyone in the country was watching this, including Quincy Jones. And so Lenomato calls me up and he says, "Hey, Quincy thinks he has a way to fix it. " And I'm going, "Listen, if Quincy Jones thinks he has a way of fixing this, I'm all ears." Because Quincy Jones, you think of We Are The World, he got 30 musicians on a stage to sing that song without ego.

(01:34:17):

I'm going, "Wow, this could be a Quincy Jones. We are the world moment." And Leonard said, "There's one hitch, Sean Fanning has to be there." I was like, "Of course he has to be there." He goes, "Oh, I just wanted to make sure." Because Quincy Jones, if he's going to meet, he's going to meet with the principal. Yeah, of course. He's going to meet with Sean Fanning. I said, "No, let's go up there." Sean, the thought of meeting Quincy Jones was beyond intimidating to him.

Carolynn (01:34:52):

Oh, sure.

Ron (01:34:52):

So I had to coax him into the car. When we got there, I had to coax him out of the car. Now, I have to admit, I was dying to meet Quincy Jones, so I couldn't wait for the meeting to start. And Leonard came to the first meeting. So Leonard was kind of the host, even though we're at Quincy's home, it was me, Leonard, Sean Fanning, and then Clarence Avant. So Clarence Avant was in every one of our meetings and one of Quincy Jones' closest friends and collaborators. And the two of these individuals were just so fascinating in these meetings, extremely irreverent, lots of bad words in an irreverent way, trying to solve the problem. So here we are trying to solve the problem, but it's the most entertaining experience of my life. I wish I could have recorded every word out of their mouths.

(01:35:59):

Well, and to show you the quality of these two people, we sit down and Quincy, well, I know he called Sean brother a lot. Sean Finning had nappy hair. And so Quincy Jones immediately grabbed that and started calling him brother. So the minute he sat down, he said, "Brother, tell me about you. " And at that time, everyone knew who Sean Fanning was, but believe me, I was with Sean Fanning all the time. Nobody really cared about Sean Fanning, the human being, and how are you feeling today? Quincy Jones

(01:36:51):

And Clarence, it's the first thing they didn't ... We never talked about Napster for quite a while. They said, "Tell us about you. How are you feeling? How are you coping?" And I'm going, "They're irreverent. Every other word's a swear word. I'm in love with these two people, and they care about Sean." Then we got into, "Okay, brother, how are we going to fix this? " And they had enough ideas that they wanted to get a fix on what the status was. So we had multiple meetings, but keep in mind, they started at about three or four in the afternoon and went till two or three in the morning. Their clocks were rockstar clocks.

Carolynn (01:37:49):

I was just going to say music industry

Ron (01:37:50):

Clocks. They went to bed in the morning hours and slept till 12 or one.

(01:37:58):

I don't know if they did this every day, but I'm a very curious person. And I would ask them lots of questions and they go, "Yeah, yeah." So what? We start when our minds are clicking and we'll never have a morning meeting with anybody. So we had multiple meetings. And we also had multiple meetings when we were figuring out snow cap as well. But one of the most interesting nights is we have this thought session and as we're leaving at Quincy's house, the room we met in, you had to walk through his trophy room, which is also kind of a family room. And one night really late, and I figured he's got to go to bed soon, so I'm not going to feel guilty if I ask him, "Tell me, pick the top five trophies or mementos." But there were Oscars, Emmys, Grammys everywhere, literally.

(01:39:02):

So I said, "Pick, would you as a favor?" And I said to Sean and me, because I mean, he really took a liking to Sean. And Sean's like, he wanted to get out of the house. He got in the car and he goes, "Why'd you do that? " I go, "Hey, hey, you have to admit it was interesting." He goes, "He just never wanted to be on stage, especially in Quincy Jones' house with Clarence." So of course he was flattered.

(01:39:33):

He said, "Number one, no one's ever asked me that. You limit me to five." I said, "That's because I respect your time. If you want to go through every one, I'm happy to. " He goes, "No, let's keep it to five." But then he really looked around and thougt about it. And then he walked through five. Now in that five, one of them was a Michael Jackson thriller, I think it was the largest selling album of all time or something. And he goes, "So that's the largest selling album of all time.

Carolynn (01:40:01):

Let

Ron (01:40:02):

Me tell you how we made the album." And I'm like, "Oh God, I'm in seventh heaven." I mean, these people love to talk about their achievements with people who are interested. I did the same thing with Henry Kissinger when I visited his office. Tell me the top five mementos.

Carolynn (01:40:24):

Yeah.

Ron (01:40:25):

That's a great

Carolynn (01:40:25):

Question. It's a good

Ron (01:40:26):

Question. And oh no, the stories you get. So we got five of the best stories ever.

Jessica (01:40:33):

Was the best one Michael Jackson?

Ron (01:40:35):

Yes, because he talked about how he cultivated him from the beginning.

Jessica (01:40:40):

Wow.

Ron (01:40:41):

Yeah. And there were all kinds of issues with Thriller and he walked through those. And Clarence, who's been through all of it with him, commentating.

Carolynn (01:40:52):

Oh, wow.

Ron (01:40:54):

It was-

Carolynn (01:40:55):

That's amazing.

Ron (01:40:55):

Just so, so good.

Carolynn (01:40:57):

Well, did they ever come up with any ideas that ... I mean, none of them ended up being workable, but why not?

Ron (01:41:05):

We all took action items and he, okay, I'll call this person, this person. We did have strategies that we tried to implement, but of course, like all the others, they didn't come to pass.

Carolynn (01:41:18):

Yeah. You really tried everything.

Ron (01:41:21):

Oh, yeah. Wow. So at the very end, after the company was shut down that Bertelsmann lost the appetite, but we got severance for the team. Funny enough, the Napster brand is so, so powerful and well known. A company called Roxio bought it for tens of millions. And since then, it's been sold about three or four times. But the last time was like a week ago for a couple of hundred million dollars. The Napster brand still has a lot of power according to whoever paid that much money for it.

Carolynn (01:42:05):

It has mythology.

Ron (01:42:06):

Yes. I'd say

Carolynn (01:42:07):

That's what it

Ron (01:42:08):

Had. It

Carolynn (01:42:08):

Has mystique and mythology.

Ron (01:42:09):

Totally agree. Totally agree. And the Napster team has always stayed close. We're having a reunion this July in the Bay Area with the whole team reconvening. And you might recall that Alex Winter, who performed in Bill and Ted's excellent adventure-

Carolynn (01:42:33):

Yes, he was the actor. Great movie.

Ron (01:42:35):

Yes. He's also a documentarian, and he did a documentary on Napster a while back. And then our good friend, Lisa Erspamer, who produced the Oprah show in the heyday, is working with Seth Gordon, who is a Oscar-winning producer to do a scripted series on Napster. So we have talked a lot about Napster today, but people seem to be interested still.

Jessica (01:43:07):

It's an interesting-

Ron (01:43:08):

So I'm not feeling guilty.

Carolynn (01:43:11):

It must be that so much time has passed. They feel like they're going to get more truths out of people because the truths aren't as painful. And that's probably why there's this renewed interest. It's like, it's been 20 years, no one's going to get their feelings hurt anymore.

Ron (01:43:24):

For sure that's the case.

Carolynn (01:43:26):

Yeah.

Ron (01:43:26):

For sure. People will let their hair down a little bit.

Carolynn (01:43:30):

Yeah, exactly.

Ron (01:43:31):

I've done a little bit of that here.

Carolynn (01:43:33):

I was just going to say.

Ron (01:43:35):

I hope I haven't offended anyone because it's not my intention. But continuing on the journey, after Napster went out of business, Sean immediately came to me and said, it didn't have a name yet, but he said, "Ron, you and I are doing Snowcap and a deal's a deal." He kept his part of the deal. He was not happy there. And we immediately lifted off on Snowcap. I was a co-founder. So I've actually done four startups in my career, Altos Computer, which is the most well-known, but then personal training systems, a company that I acquired and we merged it into a company called CBT Systems and then Snowcap and then a company called Path is another company that Sean co-founded after Snowcap and I became a co-founder of that. So Sean and I like starting companies together. We really do because after Snowcap, which was trying to solve and create a digital music registry to prevent piracy, so all copyrighted content would be in one place and be compensated and then all other music would be in the same registry and all that would be free.

(01:45:02):

Sean's vision was all the music has to be in one place, the licensed and the unlicensed, but that vision of Sean's was never fulfilled. So then he left there and he started Rupture, which is a gaming company, did okay. We sold it to electronic arts. I negotiated the sale agreement.

(01:45:32):

It was important that the company gets sold because we knew it wasn't ... It was at the point of sell or go out of business. We sold it pretty successfully to electronic arts. And I'm very pleased that that was the first time Sean Fanning had money in his pocket. Wow. Everyone thinks because the two Shawns were in Napster, that they were wealthy. And many people to this day say, "Oh, those two got rich." I go, "No, no, let me tell you very carefully. Napster went out of business. No one made a nickel and we had to negotiate severance. So no, no one made any money." So Rupture is where Sean Fanning made a basket of money. Good. And I said, "Sean, you wouldn't have that money without me. " And he goes, "I'm not arguing with you. " I said, "So guess what? We're going to make another deal.

(01:46:30):

You are going to put all that money right next to all my money at Morgan Stanley, and that money is going to be shepherded by the same people who shepherd my money." So they put me on a budget, they put you on a budget. Very nice. Because Sean could be a spend thrift. Let's just leave it there. Okay. So we made a deal that has lasted to this day, and Sean Fanning is nice and liquid and-

Jessica (01:47:00):

Oh,

Ron (01:47:01):

Good. Nice. So it's very, very pleasant.

Carolynn (01:47:06):

Ron, can I interrupt you for just a second? So you've talked about Sean's startups. Napster was not really scratching his own itch. That was the roommate problem. What do you think is Sean's passion? Well,

Ron (01:47:20):

Snowcap was a passion. Rupture is a passion. Okay.

(01:47:25):

So after rupture, now Sean has money in the bank, which is great. He took a break during COVID and stayed at the Peninsula Hotel of all places. And in this process, he started Helium Networks, which is a decentralized wireless internet of things network that he did all the core research on that. So he likes to be deliberate, invent something, and then slowly bring it to market. But Helium Networks is running today, very successful company funded by Cosla Ventures, but Sean stays until the company has momentum, and then he goes to his next invention. And he started his latest company a year ago called Ami, A- M-I, which is in the social sector and living happily in New York City.

Carolynn (01:48:33):

Well, so I think the answer to my question is he has a lot of interests and they're

Ron (01:48:36):

Very

Carolynn (01:48:37):

Disparate. And

Ron (01:48:38):

He's always thinking of new things, but right now his company is Ami.

Jessica (01:48:43):

Wow. I didn't know that. I didn't either.

Ron (01:48:46):

Now, why don't we double back to Sean Parker? Yes. I was

Jessica (01:48:49):

Going to say, what about Sean Parker?

Ron (01:48:51):

Let's figure out what Sean Parker was up to after Napster. So-

Jessica (01:48:59):

Because let's remind everyone, these guys are like 18 years old. Fanning dropped out of college. Parker didn't even go to college, so they're so young. So they have a life- Decades of their careers.

Ron (01:49:13):

So Sean Parker, also a thinker, but Sean Fanning is a deep tech thinker, even though he's doing something in the social space now. Most of Sean Fanning's work is in what I would call deep tech. Sean Parker, affable as he is, when he left Napster, he wanted to do something in the social space. And he came up with the idea of the online address book and put all your contacts in one page. And how he got users is he did it through this technique that no one had heard of at the time called Viral Marketing, that you get the users to get other users to adopt that. Now, viral marketing today is like saying black and white. Back then,

(01:50:19):

Viral marketing was, what is that? That's not in the dictionary yet. And Sean Parker could talk about it and say, "Yeah, viral marketing is how you build an audience where the audience builds the audience." And I'm in charge of this and Plaxo is how I am going to manifest. And so I helped Sean author Plaxo. And Plaxo, here's a really good story about Plaxo. So I did help him all throughout Plaxo, but it came time to sell Plaxo. So we're going to sell Plaxo to Comcast. I'm having an especially busy day and Parker calls me and says, "Do you know anyone at Comcast?" "Yes, I know the Roberts family. They own the company. What do you need? "He goes," We're on the 11th yard line. They won't agree to price and they won't sign the deal. "I said," I think I can fix that. How much do you want for the company?

(01:51:26):

"And he goes," We want ... "I forget the exact number and I wouldn't want to remember it anyway. "We want like 25 million for the company." I said, "Okay." Rare occasion, I didn't take notes. So I call into Comcast and I said, "You have to buy this company. We have another buyer. You're going to lose it. Today's the day." And then they say to me, "What's it take to get the deal to happen?" "Oh, it takes 50 million. Okay, we're going to do it. "I call Sean back and I said," We're going to do it 50 million. "And he goes," What are you talking about? "I didn't ask for 50 million. I said," You did now.

Jessica (01:52:02):

"Ah, you got more money than they wanted.

Ron (01:52:04):

Yes.

Jessica (01:52:05):

That's hilarious. Wow. Thank God you didn't go in the other direction. I

Ron (01:52:08):

Was actually

Jessica (01:52:08):

Worried that was story. It

Ron (01:52:10):

Was during Google Zeitgeist and I used to help organize ... I used to help hiitgeist a lot. Happened to be an especially busy time and I couldn't even keep track. So Plaxo had a happy ending being part of Comcast.

Jessica (01:52:25):

And now Parker has made money.

Ron (01:52:28):

Yes. Now Parker has made money and he knows he's onto something with viral marketing

(01:52:35):

And he is ... Other people might say they're the inventor. I think he's the inventor. And I know one other person who thinks he's the inventor, Mark Zuckerberg. Parker has sold Plaxo. Zuckerberg is starting Facebook and Parker and Zuck have a dinner in New York and Parker talks about viral marketing. Zuck knows I can't start Facebook without this concept of viral marketing. This is how you get users. I'm going to make Parker the president of Facebook. And at the time I said to Zuck, I said," Sean could be a handful. "And Zuck said," I don't care if he's a handful or not. He owns the keys to the kingdom on viral marketing, and I'm not building a big company without viral marketing. "Now, we're going to talk about Facebook probably the next episode, but Sean Parker's the one who told me about Facebook because he wanted me to mentor him and Zuck, which I did, and we'll spend a whole segment on Facebook.

(01:54:03):

But Sean, after Plaxo went to Facebook, but then after he left Facebook, God bless him, he started doing work for humanity and started a foundation called Pisce, P-I-C-I. It's the Parker Cancer Institute for Immunotherapy.

(01:54:23):

And his whole theory was, I'm sick of reading in nature about scientists making a discovery, but not collaborating enough where you can compound the discoveries. They're all working against each other, writing their own papers. I'm going to go to the top five immunotherapy universities in America, and I'm going to say," I will give you $50 million each if you collaborate with each other and work with me under the Pisces Institute. "And it worked. Wow. Michael Polanski, who worked for Sean at the time, is the one who helped Sean do the legwork. This took a couple of years.

Jessica (01:55:07):

Lady Gaga's fiance,

Carolynn (01:55:09):

Her husband. Oh, I was just thinking, why do I know that name?

Ron (01:55:12):

Yes, it's that Polanski.

Carolynn (01:55:13):

Wow.

Ron (01:55:16):

And the first scientific board meeting that they had at the Ritz-Carlton Hotel in San Francisco, Sean said," You will not understand a word of this, but you have to come because you've watched my ruckus years. You've seen me at my best and you've seen me at my worst. I want you to come and see these five institutions cooperating with each other. "I absolutely went. I was in awe, didn't understand a word. And at the first break, I went up to him and hugged him tightly and said," I'm leaving now, but I really get what you have created. "And that is now could be 10 years. Pisce is very, very mature. Reed Jobs is on the board of directors. These institutions are all cooperating on immunotherapy to cure cancer.

Carolynn (01:56:16):

Amazing.

Ron (01:56:17):

It's amazing.

Carolynn (01:56:17):

Amazing.

Ron (01:56:18):

He's living down in Beverly Hills in one of Ellen DeGeneres's most signature home that he bought from her with two kids. So circling back a little more on Snowcap, Snowcap was the solution to the problems that Napster solved. So we knew we had to go meet with all the record labels again. And Sean Fanning and I had met with all the record labels during the Napster years.

(01:56:57):

And during the napster years, most of the record labels, the heads were on record of saying," Sean Fanning is the worst human on earth. He's destroying all of our jobs, all of our incomes, and he belongs in jail. "So we knew if we were going to follow through with Snowcap, we had to make amends with the music industry. And the lawyer who was beloved by the music industry, by the CEOs of each of the companies, because this is all work that has to be done at the CEO level, not an ounce lower and definitely not with lawyers, was John Frankenheimer at Loeb & Loeb. And Sean Fanning and I at SnowCap lived with John Frankenheimer. We went and met with every music label head who were all very reticent to shake hands or even look at Sean Fanning.

Carolynn (01:58:00):

Oh my gosh.

Ron (01:58:01):

These meetings were fascinating. The music labelheads, they are moguls.

(01:58:10):

And just suffice it to say the meetings were really interesting. So we hired John Frankenheimer to get us in to see all of the music heads with a partner, Fred Davis, who is Clive Davis's son, who is also a lawyer, but they were just a nice twosome to go meet the label heads to get them all to adopt snowcap. And it ends up it was herding cats, wasn't possible. But in the beginning, we had very, very high hopes for this. And one of the most fascinating meetings that Fred Davis set up was with Hillary Rosen.

Jessica (01:59:01):

From the RIA. From years ago. Who

Ron (01:59:04):

Hated Sean Fanning the most. And Fred had it in his office in New York City. She flew up from Washington DC and there was more apprehension about that meeting than any of the other meetings and all the other meetings had apprehension too. We were all nervous because like a week before she was still bashing us. And we walked in there and she had a gift for Sean, which was an awesome icebreaker. I forget what the gift was. It didn't matter, but it was a peace offering like, " I'm not going to yell at you. We're going to have a civil conversation. Sounds like you want to solve the problem. Yeah. We had a super productive conversation. She didn't know it, but we were going to DC in a few days on this tour and the meeting was so good. We said, "Hey, we're going to be in DC in two days.

(02:00:14):

Can we have lunch with you? " And then we bought her a gift.

Jessica (02:00:18):

Oh,

Ron (02:00:18):

That's

Jessica (02:00:19):

Nice.

Ron (02:00:19):

But then she started working productively with us. But it's the only time, I'm not a big photo person anyway, but it's the only time, and this is before iPhone, it's the only time that I wanted to get a picture because by coincidence, the way Fred's office was set up, Sean had to sit next to her on a small couch. Awkward. And I said, "Fred, I want a picture." He kind of knew I wasn't a picture person. He goes, "You want a picture?" I said, "This is history. This is history." And he agreed. So he went out to his office and said, "Does anyone have a camera?" Nobody had a camera at work that day. So snowcap didn't work. Sean Fanning, like a year later, says, "I want to take you to dinner." And we went out to this restaurant that I hung out at a lot called Town Hall.

Jessica (02:01:26):

Oh, in San

Ron (02:01:26):

Francisco.Town Hall right here in San Francisco. Yeah. I used to love that. For a while, that was my go- to. And we went to dinner there, just the two of us. And he said, "I have put you through hell." And I go, "No, you haven't, even though you have, because we're friends." Sean Fenning did not have an easy childhood growing up.

(02:01:55):

And he and I got along great. Lots of very difficult conversations, lots. But we had mutual respect. Our relationship is a relationship of mutual respect, and we've helped each other a lot. So at this dinner, he goes, "I'm going to pay you back." I go, "Oh, good for you. How are you going to pay me back?" He goes, "There's a company that is so special. Believe it or not, I know it will be a success." And he's laughing because Sean, we have failed four times together. And he goes, "No, this is the winner and it's called GitHub. It's where all the engineers store their code." And he's kind of giggling and smug saying, "Because it's where all the engineers store to the code, this company can't go out of business. This company will be successful and I'm going to introduce you to them. They're not interested in funding now, but I know the value you can add." So he introduced me to Chris Wansrath, one of the co-founders, and he said, "Let's go have lunch." He had really built this up and in hindsight, wow, was he right?

Carolynn (02:03:22):

Yeah.

Ron (02:03:24):

I said, "Hey, if this is so special, all the meetings with GitHub are Town Hall because I like the place anyway." And he goes, "Well, what if Wansrath doesn't want to meet there? You tell Wanswrath for Karma, our meetings are all going to be at Town Hall." Wow. And so we had our first meeting at Town Hall and then Sean dropped out. He just wanted to get us introduced, but all of our meetings with GitHub were at Town Hall. Chris Wansrath didn't even know what a venture capitalist was.

Jessica (02:03:56):

Oh my God. Wow.

Ron (02:03:57):

He was just the founder of GitHub. So we spent a year educating him and then it was time to go out for funding. I said, "We'll help you syndicate as long as SV Angel gets its measly little allocation," which we did. And the rest of GitHub is history, but Sean Fanning paid his dues.

Carolynn (02:04:17):

He did pay you back. Yeah. He did pay you back. Yeah. Was he an investor too?

Ron (02:04:22):

I don't think so.

Carolynn (02:04:22):

Oh, wow. Oh my gosh. No,

Ron (02:04:24):

He just liked hanging out with them. And they liked hanging out with him. Sean Fanning is an engineering genius, so they all loved hanging out. But the journey of Sean Parker and Sean Fanning is not over yet.

Carolynn (02:04:40):

Well,

Ron (02:04:40):

They're

Carolynn (02:04:40):

12.

Ron (02:04:41):

Yeah. Yeah. Thank God they're young because of what they've been through. Okay. So SV Angel Mantra, just to remind everybody, we love media. It's our thesis. Video, we're fanatical about it. I follow the YouTube founders around. We're still very good friends. And along comes another video metaphor. And the video metaphor is real-time video chat. And it was not an explosion anywhere near as big as Napster, but it was an explosion. Everyone in the country talking about chat roulette.

Jessica (02:05:24):

I remember that. I absolutely remember it. Explosion.

Ron (02:05:26):

You couldn't miss it. Not as big as ... My recollection, not as big as an Apster, but in an explosion. Every VC wanted to be in it. Andre Turnovsky is a Russian founder on a visa living in Palo Alto. And we got to know him right away. So Chat Roulette, being the talk of Silicon Valley especially, but the whole country, Sean Fanning and Sean Parker immediately took an interest in real time video chat, wanted to meet him. And so we all met him kind of at different times and places, but I quickly drew all the discussions together and said, "Andre, Sean Fanning, Sean Parker, and me are all talking to you, but we're actually all colluding because we want to be your main investor. We want to merge ourselves into the company because Sean Fanning had a company called Supio." They had some meat on the bones on the software.

(02:06:47):

And we said, "Why don't we merge this company?" That did not work out. And so Sean Parker was mesmerized with the space, real-time video chat. Sean Fanning had already started Supio. Chat roulette merger didn't work. So Sean Parker said, "I'm going to start my own company." He was possessed, literally possessed by real-time video chat. I'm starting my own company. I said, "Well, I don't want you and Fanning competing against each other." Fanning has a company. It's called Supio. Well, I'm moving ahead on my own. Now, Sean Parker at this time has all of his Meta Facebook wealth. Sean Parker is a billionaire. He can sell fund.

(02:07:37):

So they're at different places. Sean Fanning has his rupture money. So they're in different categories. I said, "I want you to merge." And it's not optional, so you're going to merge. Okay, we're going to merge. So we have this meeting on a Saturday afternoon at somebody's house with the two of them, but they were not friendly because Fanning owned 100% of Supio and Parker owned 100% of what became airtime in his head. So they both were like, "If we bring this together, we're both chopping our heads in half because we both can't have 100%." Kind of being a little greedy because they were so possessed by the space, they wanted to have all of it. And I'm like, it's so interesting. Some of the most argued about companies like this one and Lipstream is another example, but ChatRoulette is one that everyone's heard of where people fight so much about it that the opportunity just goes away and none of the companies amount to anything because there's so much hubris and ego around these companies.

(02:09:06):

And maybe the product market fit wasn't great either. Chat Roulette had the whole pornography issue,

(02:09:15):

Yada, yada, that took it down. But at the time, we weren't thinking about that. This was YouTube. And I said, "No, we're going to have to split the baby here. Parker, you're not going to have 100%. Neither one of you's going to have 100%, so get a life." And we did. It was controversial, but we did. And we started Airtime with some investors because there's so much heat around it. Even I said, "Hey, I did all this work. SV Angel's investing." And they go, "Well, the SV Angel invests." So we had a bunch of small investors, but they were the two main investors in Airtime. Airtime still exists. Really? It's morphed quite a bit.

Jessica (02:09:59):

I did not know it still exists.

Ron (02:10:01):

It still exists. Are

Jessica (02:10:02):

Either of them involved

Ron (02:10:03):

In the

Jessica (02:10:04):

Company anymore?

Ron (02:10:05):

Neither. Sean Parker owns airtime. He bought everyone else out in the meantime. But Sean Fanning not involved at all. Sean got kind of bought out with the rest of us in a friendly transaction. So once again, we got the two Seans working together. And then Sean Parker really doubled down on Pisces, his Cancer Immunotherapy Institute. And Sean Fanning went to Helium and is now doing his social company. So that takes us to present day. They have been through a lot and they went through a lot the day of Sean Parker's wedding.

Carolynn (02:10:58):

Oh, I was hoping you would talk about that.

Ron (02:11:00):

So let's talk about the Sean Parker. It was the wedding of all weddings.

Jessica (02:11:08):

It was in People Magazine. Yeah,

Carolynn (02:11:10):

I remember seeing the photos.

Ron (02:11:11):

Oh yeah. Esquire or Vanity Fair, all of them. So Sean Parker got married June 1st of 2013. It was at Post Ranch Inn with the Vantana Inn across the street from it. He bought both resorts and contracted with Vantana for his wedding. And this was millions of dollars. Sean did not know that the Vantana Inn was not in compliance with the California Coastal Commission. And the California Coastal Commission had an injunction against the property where his wedding was held. And he found all this out after.

Jessica (02:12:05):

Oh my God.

Ron (02:12:06):

And so he calls me and says, "I have a real problem." Now, all the guests have already gone and gotten fitted in their Lord of the Rings Game of Thrones costumes. This was a costume wedding.

Jessica (02:12:23):

That they provided the costumes?

Ron (02:12:24):

Oh yeah, yeah. I wasn't going to go pay for the shoes, everything, everything. Everything except your underwear. So we all had our costumes and he finds out that there's an injunction against the entire wedding site.

Jessica (02:12:42):

Which is like in the woods.

Ron (02:12:43):

Yeah. It's in the redwoods in Big Sur. Yeah. The whole wedding was at Big Sur. So he says, "We have to get to the coastal. We need one vote on the Coastal Commission in order to flip the vote in our favor to drop the injunction." So this was not Sean Parker's problem, but he was going to have to move wedding locations and his heart was set on the Redwoods.

(02:13:11):

They had already bought millions of dollars of props. So I went and looked at the composition of the Coastal Commission and the mayor of San Mateo was, she was the vote that I picked that we were going to flip. So I called Jackie Spear, member of Congress. I said, "You live in San Mateo. Do you happen to know your mayor?" "Of course I know the mayor. One of my best friends. "I said," Well, can you call her and tell her about this complete disastrous mess that we're in that we did not make? We found out about it after. We need to have the wedding because all the stuff's there and I got my costume already. "Jackie calls her friend, we get the waiver and junkson lifted. I don't know what the legal terms are. The wedding takes place. Sean Parker says," I can never, ever thank you enough.

(02:14:10):

"I said," Hey, Gail's very fussy about hotels. "And he knew that. Sean Parker knows Gail really well. He said," You pick the hotel room, the whole site.

Jessica (02:14:25):

"Nice. Nice.

Ron (02:14:26):

So our reward is we picked the nicest room at the Ventana Inn.

Jessica (02:14:34):

And Dale had a bathroom she liked.That

Ron (02:14:38):

Was approvable. I

Carolynn (02:14:38):

Know that he's not a photo guy, but I would like to see you in said costume.

Ron (02:14:42):

Oh, there's pictures.

Carolynn (02:14:44):

I would like to see them next

Ron (02:14:45):

Time. Yes. We can find them for you. So at the wedding, so there was a rehearsal dinner at some other site that you took shuttles to. So we had an entire day to ourselves. I said entire day to ourselves with everyone in the tech community. Jack Dorsey, you name it. All my friends, all my Rolodex. Anne Kamala Harris, who was the attorney general. Sean Parker was friends of Kamala Harris. So was I. Right. But Kamalar is VP'd yes. She said," I'm nervous. Will you hang out with me? Because I don't know anybody. I kind of want to go,

(02:15:31):

But I don't know all your people. Will you take care of me? "I said," Of course we will. You just come hang out with us. "So we had all day Saturday. So Friday, the minute we arrived, I went to the front desk and I said," Hey, we had taken over the hotel anyway. "I said," We need bar and catering at the pool all day tomorrow. "Well, we don't do that here. And I said," I'm glad I'm asking now. "So I got the hotel manager. I got the hotel manager. It took some negotiating, but we had a whole ... It was a rustic pool area that didn't have any waiters or anything. But the next day, all day, we had full bar, catered food, yada, yada. Went and made a deal with room service. Oh my God. But we had a ball. And Danny was with us.

(02:16:23):

Mark Benny off. I mean, if you saw that guest list, at the pool, we didn't need a wedding. We had so much fun at the pool all day, including Kamala Harris. We had so much fun. But at about three o'clock in walks Sean's assistant, it might be Whitney. We still know her to this day, but In Walk's assistant and she belonged at Post Ranch where the wedding party was. The fact that she was there was not good. And Danny was thick as thieves with Polanski. Oh, Plansky was with us too.

(02:17:09):

Everyone, but the wedding party was at the pool hanging out, having a ball. Danny said," Dad, look, look, look. It's not good. It's not good. I can tell. "And Danny had been on the phone. So I think they had called Danny saying," We have a problem. "And Danny, I think, said," I've never followed up. I'm not solving that problem. You're going to have to send, let's assume it's Whitney. She's going to have to come over herself. "So she comes up to me, and Danny did know, because Danny just was nodding his head like, " Oh, this is so bad. "She walks up and she goes," We just found out not we. Sean Parker just found out Sean Fanning's not coming to the wedding.

Jessica (02:17:55):

"Oh, so he bailed. He bad.

Ron (02:17:57):

He bailed. And she looks at me and she goes," Do you understand that we may not have a wedding? He is really, really upset. "So Polanski was over there. I'm sure Polanski was calling Danny saying," You need to tell your father. This is really serious. "So Danny then comes in and says," Dad, this is serious. "By the way, I had a few drinks of me. I was just going

Carolynn (02:18:23):

To

Ron (02:18:23):

Say. I go, " This is serious. It's three o'clock. The wedding starts at five. What are you idiots doing? He's not coming. Get over it. "And then I'm looking at her and she's not budging. And Danny's getting reports. Danny's going, " It's getting worse over there. Maybe there's not going to be a wedding. He's not getting married. "He's telling people they're getting married without Sean Fanning here. Wow. So I just nonchalantly say," The only way to solve it is you'd have to get a helicopter. "So I said," Danny, feed that back to the home office. Will you charter a helicopter? "And of course the answer was, " We'll charter 10 helicopters. "I go, " No, we only need one. "But

Jessica (02:19:09):

I think Carolyn and I are both wondering the same thing. That relationship with his co-founder, Fanning, was so important to him that he might not go through

Ron (02:19:20):

With

Jessica (02:19:21):

His own wedding.

Ron (02:19:22):

Sean Fanning had to be there.

(02:19:24):

And Parker, once he gets something in his head, it's in his head. He not letting go. It's his wedding day and not letting go, which is why his assistant is just camped out in front of me. I said," Okay, you agreed to helicopter budget. I'm happy to call Fanning. "So I called Fanning and I said," Hey, why did you pull out? It's just not right. Today you belong here. Why would you ever do this? "He goes," I'm just not coming. You know how I am around people. "He really is a recluse. And I go, " I know all that, but you have to come to the wedding. "He goes," Well, I'm not coming to the wedding. "I said," Well-

Carolynn (02:20:02):

Poor Ron's had

Ron (02:20:03):

So many of

Carolynn (02:20:03):

These conversations.

Ron (02:20:04):

I have sent a helicopter for you. "He goes," You what? I'm sending a helicopter for you. You have to come to the wedding. "I didn't tell him," Hey, maybe there won't be a wedding. "I just said," You're coming to the wedding. Just get over it. "He goes," Helicopter? "I go, " Yeah, yeah, yeah. It'll be an SFO. "He goes," Now you know how I like flying in helicopters. "I said," Today's the day. You're taking a long trip in a helicopter. Probably take an hour to get here. "He goes," Really? You really got a helicopter? "I go, " Yeah, I got you a helicopter. "Now Whitney's dancing and SFO, it's right there. Just go get on the helicopter and bring your outfit. He had the outfit and everything. Okay. Put on your outfit, get on the helicopter. And in the nick of time, right before they walked down the aisle-

Carolynn (02:20:55):

He was standing

Ron (02:20:55):

There. Sean Fanning. Sean

Carolynn (02:20:56):

Should have been saying to the aisles. He goes," I

Ron (02:21:00):

Love, love the helicopter. "But he sees all the people and he was kind of mad at me. He goes," You got me a helicopter ride. Now I'm around all these people. Just shut up and sit with Gail and I, and Danny.

Carolynn (02:21:13):

"And Kamala.

Ron (02:21:16):

Just enjoy yourself. Oh, Fanning tells me, " I'm mad at you. I wish I didn't do this because he's nervous because there's so many people. "He was-

Jessica (02:21:26):

Sounds like social anxiety.

Ron (02:21:27):

He was lots of social anxiety and he was in an especially reclusive time of his life. We hadn't been around a lot of people. And he goes," I think I'm going to sit down with you, but I want you to know one thing. The second this ceremony is over. I'm leaving. "And he said it with conviction. And I said," He's got a helicopter and he's leaving and I'm kind of done arguing anyway. "So I go, " Oh my God, Parker thinks he's here because he's ... "Well, he knows he's here. Parker doesn't know. He ain't going to be here long. He was in that place for 25 minutes. So Parker, and I had a really nice conversation with Parker. He asked Gail and I to come down, this is a little bit of his aside, but very nice. He said," Will you come down a half hour before any guest arrives?

(02:22:24):

"I said," What for? "He goes," I just kind of want to hang out and thank you. "By then they had their first child.

(02:22:31):

He goes," We just want to hang out. "I was honored. So we got there, had a really pleasant conversation. His father pulls me aside and says," Do you understand he probably wouldn't be here today because you got him out of so much trouble. "So it couldn't have been nicer. But then I turn around, I know I got to find Fanning. So Fanning's there and I know that Fanning's now told me he's leaving. And they had this little cottage that they came out of. And we were way in the back. I didn't want to be in front. And I get Parker's eye and I just nodded. And then he nodded back at me, but I could tell he couldn't see Fanning yet. So he comes around to go up the aisle and then I'm like, I move Fanning in front of me and I'm giving ... And everyone else is in their costume behaving and here I am.

(02:23:35):

Look what I got literally. And he is ecstatic because I'm going, " If you only knew, he's gone now. "So once he saw Fanning and they locked eyes and everyone's smiling, boom, Fanning- He just took off. He was so out of there.

Carolynn (02:23:53):

Wow. Wow.

Ron (02:23:55):

But it was a really, really fun wedding. Corey Booker was there.

Carolynn (02:23:58):

Yeah. I'm just surprised that Sean Fanning wasn't like, " Okay, I'm going to just give my old friend a hug and then I'm going to get in the helicopter and go home.

Ron (02:24:07):

"No way. That would have been interacting with all the people between him and- Him and

Carolynn (02:24:12):

Sean and John Parker. Yeah. Yeah. Huh.

Ron (02:24:15):

Wow. And the wedding site was so beautiful. We were walking through that and I said to Matt, we were with Matt and Pia Kohler, I said," What a waste. A couple million bucks sitting right here. "And Matt goes," Well, why don't you and Gail-

Carolynn (02:24:35):

Renew your vows.

Ron (02:24:35):

"Renew your vows. So we did a mock renewing of the vows.

Carolynn (02:24:40):

You didn't.

Ron (02:24:42):

There's photos of that too. Oh my

Carolynn (02:24:43):

God.

Ron (02:24:44):

Matt and Pia weren't married yet. The setting was- Oh, I'm

Carolynn (02:24:46):

Sure it was beautiful.

Jessica (02:24:47):

That's so

Ron (02:24:47):

Sweet. The setting was amazing.

Jessica (02:24:49):

Yeah. Fun. I love that story. And do they still keep in touch as far as you know? I mean, they're having a reunion

Ron (02:24:58):

In

Jessica (02:24:58):

The

Ron (02:24:58):

Summer. I think both Seans will be there.

Jessica (02:25:01):

Okay.

Ron (02:25:01):

So Vanning and Sean Parker have quiet periods, but they always come back together.

Jessica (02:25:09):

Okay.

Ron (02:25:10):

And now they've been fine for years, but they did have ups and downs and I would always tell one of them, whoever wasn't cooperative, just go talk to each other.

Carolynn (02:25:22):

Yeah. Wow. Wow. Ron the mediator.

Jessica (02:25:24):

Yeah.

Carolynn (02:25:24):

Ron, the marriage

Jessica (02:25:25):

Counselor. Well,

Ron (02:25:27):

In that case, it's really important that they keep their relationship, especially after everything Parker did on wedding day.

Jessica (02:25:34):

What a crazy ...

Carolynn (02:25:35):

That's a crazy ... Yeah.

Jessica (02:25:36):

This whole Napster story.

Carolynn (02:25:39):

And it's just one chapter in Ron's life.

Jessica (02:25:42):

I know. One chapter.

Ron (02:25:43):

Well, the two Seans are ... It's pretty interesting. That's

Jessica (02:25:47):

A lot. Gosh, that was so fascinating, Ron. I didn't know so much of that stuff about Napster.

Carolynn (02:25:54):

Napster. Yeah.

Jessica (02:25:55):

Can you believe it,

Carolynn (02:25:55):

Carolyn? It's so nostalgic to hear all those stories and those are tons of stories I've never heard before. It's great.

Ron (02:26:02):

Yes. We tore up the NDAs for this one.

Jessica (02:26:07):

I love it. I think people are going to be fascinated. Oh,

Carolynn (02:26:12):

For

Jessica (02:26:12):

Sure. Especially since it's been over 20 years.

Carolynn (02:26:14):

Yeah. Very nostalgic.

Jessica (02:26:17):

Almost 25 years.

Carolynn (02:26:18):

It's a long time.

Jessica (02:26:19):

It's a long time. Yeah. So it's fascinating. So thank you for opening up and sharing all that. Thank you, Ron. Thank you, Ron.

Ron (02:26:27):

Next time, whether we like it or not, we're going to have to talk about the bubble bursting.

Jessica (02:26:32):

Okay.

Carolynn (02:26:32):

That's not a fond memory, but yeah, let's do it.

Jessica (02:26:35):

Important. A

Carolynn (02:26:35):

Lot

Ron (02:26:36):

Of interesting stuff happened and a lot of lessons. Yes. A lot of lessons were learned.

Jessica (02:26:42):

Can't wait. We'll see you next time, Ron. Thanks again, Ryan. Thanks. Bye. Bye.