

The Social Radars

Ron Conway, Founder, SV Angel: Silicon Valley Bank Crisis

Released April 28th, 2026

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

So Carolyn, today we are back with Ron Conway. Today we're going to talk about the Silicon Valley Bank collapse, which happened in March of 2023. Everyone in Silicon Valley, it almost felt like the world stopped that weekend.

Ron ([00:00:17](#)):

Yep.

Jessica ([00:00:17](#)):

Everyone was involved somehow because everyone banked with them. But what most people don't realize is what a critical role Ron Conway played behind the scenes [[00:00:30](#)] in saving this disaster from happening. It was basically resolved over a weekend and Ron spent that whole weekend working to solve this problem. I'm really excited, Ron, to talk to you today about this.

Ron ([00:00:45](#)):

Yes. But Jessica, you are putting it mildly when you say it was a disaster, but I can't think of another word that escalates the word disaster. Catastrophe [[00:01:00](#)] maybe. Yeah,

Jessica ([00:01:00](#)):

Catastrophic.

Ron ([00:01:01](#)):

Yeah. For the tech industry and all the small businesses throughout Silicon Valley who also banked at Silicon Valley, this was absolutely a catastrophe. And what's so interesting is Silicon Valley Bank was like synonymous with Silicon Valley. SV Angel also, [[00:01:30](#)] just like Y Combinator, just naturally recommended to all of our companies that your bank is Silicon Valley Bank. Silicon Valley Bank is where you want to deposit the money you got from your financing. And then in addition, Silicon Valley Bank can provide you with loans, lines of credit, and all of their services.

Jessica ([00:01:54](#)):

Here are the founders who get around a funding and who all of a sudden get a [[00:02:00](#)] wire transfer for \$5 million or more. They have to have a place for it to go. And then that's how they run their business and pay their employees and everything. It's a big shift.

Carolynn ([00:02:11](#)):

You know what's really important too, and this becomes important later in your story, but it should not be lost on anyone that this was a huge, huge, huge thing for Silicon Valley and for the tech industry. But there were a ton of non-technical customers of SVB. It is a local bank, local to the Valley. It wasn't just for technology companies. [00:02:30] It was for everybody in the Valley.

Ron ([00:02:32](#)):

It was part of the ecosystem.

Carolynn ([00:02:34](#)):

Yes, exactly. Mom and pop shops also used it for their money. So that's, I think, a very important point.

Jessica ([00:02:40](#)):

But Ron, you were around when it began, right?

Ron ([00:02:44](#)):

I sure was. Silicon Valley Bank started in the 1980s. And think about it, the internet boom didn't really even start until the late [00:03:00] 80s and 90s. So Silicon Valley Bank started when the heart of Silicon Valley was the semiconductor companies and the computer companies. So Silicon Valley Bank is really, really part of the fabric of Silicon Valley. Literally 50% of the tech companies, small businesses, and the venture capitalists all banked at [00:03:30] Silicon Valley Bank. It was part of the culture of Silicon Valley. By 2022, they had assets of \$200 billion.

Jessica ([00:03:44](#)):

Wow. Whoa.

Ron ([00:03:45](#)):

The 16th largest bank by asset size, which is how you measure banks, in the United States.

Carolynn ([00:03:55](#)):

That's amazing. A regional bank. That's

Ron ([00:03:56](#)):

Amazing. And we were all proud of that. The [00:04:00] Silicon Valley ecosystem could support the 16th biggest bank in America.

Jessica ([00:04:07](#)):

So for 40 years, Silicon Valley Bank is growing and thriving. What happened that led to the collapse?

Ron ([00:04:17](#)):

So Silicon Valley Bank, like other banks, they invested in treasuries and mortgage-backed securities in the 2021, 22 timeframe [00:04:30] when interest rates were really, really low. But then in 22, 23, as you recall, the Federal Reserve came in and started raising interest rates. This was a problem for Silicon Valley Bank because then it lowered the value of their assets. [00:05:00] So they started to accumulate pretty

large unrealized losses on securities, and they did not hedge against the interest rate increase that was happening in 23.

Carolynn ([00:05:19](#)):

So as a public company, they had to disclose all this risk, but they weren't hedging against it, even though they were disclosing it.

Ron ([00:05:27](#)):

They weren't hedging near enough [00:05:30] is what is so, so unfortunate. Once they realized that they weren't hedging enough, they had to start selling assets at a loss to raise cash for depositors in their day-to-day business affairs.

Jessica ([00:05:51](#)):

So I think that on March 8th, they put out a press release saying that they sold securities at a big loss and were raising money to strengthen [00:06:00] their balance sheet.

Ron ([00:06:01](#)):

Yeah. They disclosed that, "Hey, history has not been good to us." We invested a lot in low interest assets. Then interest rates went up. We didn't hedge against interest rates going up, which created losses on our balance [00:06:30] sheet, but we still had to create cash for our depositors. So on March 8th, they disclosed in that public filing that they had losses of 1.8 billion from bond sales that they had to raise in order to run the bank.

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

So do you remember the general reaction to this news?

Ron ([00:06:56](#)):

The \$1.8 billion loss [00:07:00] immediately created a huge stir because it was not expected at all. So they kind of got caught with their pants down that, oh my God, if you had a \$1.8 billion loss, it means for sure you were not hedging enough, which means it's probably worse than that. [00:07:30] And that word just spread like wildfire, which meant starting on March 9th, anyone who was savvy said, "I need to get my money out of the bank."

Jessica ([00:07:45](#)):

Now, March 9th, Thursday, there was another important thing going on

Ron ([00:07:49](#)):

That

Jessica ([00:07:50](#)):

Day,

Ron ([00:07:50](#)):

Ron. Yes. March 9th was the SV Angel Annual Founder Summit.

Jessica ([00:07:57](#)):

Which was

Ron ([00:07:59](#)):

Huge. At Yuba [00:08:00] Buena Gardens, we had Sam Altman speaking, we had Diane Green speaking, we had Lorene Jobs and Johnny Ive speaking about the legacy of Steve Jobs- Oh

Jessica ([00:08:16](#)):

My gosh.

Ron ([00:08:16](#)):

... with Brian Chesky, because Brian Sheskey was giving the founder interpretation of the gifts of knowledge that Steve Jobs had given us, and Lorene and Johnny were describing that [00:08:30] all based on a history that the Steve Jobs Archive had put together. And then the grand finale was me interviewing President Obama.

Jessica ([00:08:43](#)):

Oh my gosh. Wow.

Ron ([00:08:44](#)):

It was a great lineup, but our founders were so, so distracted. And I was distracted getting all the speakers organized, preparing myself for my interview- [00:09:00] You're interviewing

Jessica ([00:09:00](#)):

Obama.

Ron ([00:09:01](#)):

... with President Obama. And at about two o'clock, the session started at three. At two o'clock, Topher came up to me with a very pale face and said, "Dad, you need to realize I don't know if anyone's going to show up. There's founders here, but they're not in the auditorium." They were standing all around the edges of the lobby on their phones. [00:09:30] All of our founders are trying to withdraw their deposits from Silicon Valley Bank because there is a run on the bank. Whoever can withdraw their deposits is safe. They can meet payroll next Monday. At the bank itself, the physical banks had huge crowds of people waiting to withdraw. But in our case, the founders were already at our summit. So what they [00:10:00] were doing is calling people in the company saying, "Run to the bank, call the bank."

Carolynn ([00:10:04](#)):

Or just get a wire transfer out.

Ron ([00:10:06](#)):

Go

Carolynn ([00:10:06](#)):

Online, get a wire out to a different bank account.

Ron ([00:10:09](#)):

It was pretty chaotic. I was impressed with the number who actually sat in the room. If we didn't have good speakers, there would be nobody.

Jessica ([00:10:18](#)):

But just so I can be clear, it wasn't until 2:00 PM on Thursday that you realized the severity of the

Ron ([00:10:27](#)):

Problem? Until I realized it, because I was spending all day- You

Jessica ([00:10:29](#)):

Were distracted.

Ron ([00:10:30](#)):

[00:10:30] I was just spending all day preparing. But Tofer was talking to the founders as they walked in who were literally frantic. Of course. Yeah. And so I said, "My job is the show must go on. Topher, you go console and help any founder who's impacted and tell them they don't have to go in the auditorium and [00:11:00] let's help out any way we can. "

Jessica ([00:11:02](#)):

In a way, I wonder if it was kind of a godsend that you were hosting this event because you had access to physically see the panic that you might not have had if you were just in your office that day.

Ron ([00:11:15](#)):

Exactly. We would not have seen any of that. What is so fascinating is not only did I see it, President Obama saw it and he [00:11:30] was so, so moved. And you'll hear in a few minutes how very involved President Obama got. But when I came on stage with him, I said to all the founders, "I'm so sorry for what's happening. And for the ones of you who are trying to withdraw your deposits, [00:12:00] President Obama and I are rooting for you. We're witnessing a catastrophe in this room because we're all together." And President Obama, he is so compassionate and so articulate. He said something to the effect that, "I'm trying to imagine what's going on in your minds and I cannot imagine [00:12:30] it. " And then we said, "Okay, we want to be respectful, but now we're going to talk about founders and the interesting topics that we pre-prepared for you.

([00:12:46](#)):

" And there were some really good one-liners where the entire place was in hysterics. So that was good because we were able [00:13:00] to cause some relief. And some of it, funny enough, was at my expense- What did you say? Because President Obama is so witty and so quick, he would catch me saying

([00:13:16](#)):

Kind of stupid things and he would harp on it and he wanted to cheer up the crowd. So when the crowd was in hysterics, he and I were [00:13:30] really happy because we're getting the people's mind off it for five minutes. What was interesting is in that eight hours that the bank was open, the bank was open a little bit on March 9th and a little bit on March 10th. On March 10th, the FDIC just came in and sealed all

the doors, literally locked the doors. But in that eight hours, [00:14:00] \$42 billion was withdrawn from the bank.

Jessica ([00:14:04](#)):

Oh my God.

Ron ([00:14:05](#)):

Which is 25% of their deposits. So depending on the way I look at it, because I love founders, I'm very happy for the founders who got the 42 billion, but everybody else, the other 75% were high and dry. And it was [00:14:30] already the second largest bank failure in the history of the United States. The first one was Washington Mutual in 2008 that triggered the banking crisis right when Obama became president. So Obama is, he's talking to these founders and he's like traumatized himself because [00:15:00] he went through 2008. It was just a different name. He was sitting there talking to our founders and it was Silicon Valley Bank, but when he became president, it was Washington Mutual. He was beyond empathetic.

Jessica ([00:15:20](#)):

And he was there at ground zero in person. What are the chances of

Ron ([00:15:26](#)):

This?

Jessica ([00:15:27](#)):

Oh my God.

Ron ([00:15:30](#)):

[00:15:30] It's like it's not possible, but thank God that he was there. So Thursday night, March 9th, so after he spoke, he and I hosted a group of founders to tell them about the Obama Foundation because Obama, his day job is the Obama Foundation Leaders Program because [00:16:00] Obama has a thesis and God knows it has been proven true that the world has not produced enough leaders and because we don't have enough leaders is because of the mess we're in. And we had a dinner that night for about 30 founders where Obama told him about the Obama leaders program and would you like to donate? So he had to stay overnight.

([00:16:30](#)):

[00:16:30] So he woke up in San Francisco Friday morning knowing that all of this was brewing. I woke up Friday morning feeling completely helpless like, "This is the biggest disaster that's ever happened, but I just don't know what I'm going to do about it. " And I hadn't figured out my role. And so we had pre-scheduled [00:17:00] a lunch at Balboa Cafe in the Marina District for the SV Angel team and a few out of towners that we know were staying for the weekend. And we said, "Let's all have lunch at Baboia Cafe." So we're sitting at lunch at Baboia Cafe and all we're talking about is Silicon Valley Bank. And we had Michael Parekh there who used to work at Goldman Sachs. We had the whole SV Angel team. [00:17:30] We had John Borthwick from New York and we all just said, "Oh my God, it's kind of over for Silicon Valley unless we get the government to guarantee the deposits." It's that simple.

([00:17:56](#)):

The bank has 75% of its assets left, but the FDIC has [00:18:00] closed the bank. We need the government to say to all the depositors, "Your deposits are safe. That's all we need to do. " So we're

sitting around the table and it's common knowledge around that table that I'm a friend of Nancy Pelosi. I've become very friendly with the deputy of Treasury Wally Adiamo and slowly, but nicely, the group said to [00:18:30] me, "You should not order your lunch. You should go home and you should start getting on the phone." And I said, "You know what, guys? You're right." And I left. I did not have lunch, but looking back on it, when I left and got in my car, I did not realize that I was not going to sleep for the next three days. I slept a little, [00:19:00] but I would take a small Ambien knowing that it would only make me go to sleep for three hours just so I could get rest.

(00:19:12):

For this, I knew my synapses needed to be good. So I knew I needed a little sleep, but I knew it wasn't more than three hours. So I took just a tiny Ambien, which did make me fall asleep,

(00:19:28):

And I only slept for three [00:19:30] hours. And of course you're a little groggy, but during this crisis, the Groggy goes away. You wake

Jessica (00:19:36):

Up

Ron (00:19:36):

Pretty fast. And you run to the desk and get started. I just had no idea what I was in for. I was a little bit naive. I knew it was a crisis. What I didn't realize is that once I got in, I would be able to help and it would be just furious [00:20:00] action items, whack-a-mole, making sure all these great people working on it were getting as much done as they could.

Jessica (00:20:10):

So what was the first thing you did when you got to your home office?

Ron (00:20:13):

So I got home and I said, "Okay, for sure this is a Department of Treasury issue." It didn't take a genius to figure that out. I have a great friend, Wally Adiamo, who is Deputy [00:20:30] Secretary of the Treasury under Janet Yellen, and I knew Wally as my friend because he's the former CEO of the Obama Foundation.

Jessica (00:20:44):

That's convenient, Ron.

Ron (00:20:45):

It's convenient. It's convenient. And it says what a good person Wally is, the fact that he ran the Obama Foundation for a while and the leaders program and all the great things that the Obama Foundation is accomplishing. [00:21:00] So I called up Wally. "Thank you, God." He picked up. I said, "Wally, you know why I'm calling?" He said, "Yes, Ron. I know why you're calling. I'm really busy and not in a nasty way." He said, "But you have to call Graham Steele, 'who was a person I was vaguely familiar with. He said, 'Ron, on this issue, obviously I'm working on it, but I'm working already at [00:21:30] very, very high levels and Graham Steele is the point person for the Treasury Department right now on this crisis. And I've already told Graham that you're going to call him and that Graham is to bring you up to speed with what we're doing in a nice cooperative manner because I'm too busy."

(00:21:53):

"And he said," For the stuff you want to know, Graham's the guy you want to be talking to anyway. "Okay. So I [00:22:00] called Graham and I started practicing my pitch. "Graham, do you understand this are small businesses in Silicon Valley plus startups and all you need to do is two words, guarantee deposits. That's all you need to do. "

(00:22:22):

That's

Jessica (00:22:22):

A succinct pitch.

Ron (00:22:23):

It's kind of simple. "Can you just do that? And [00:22:30] then I can go back to Bobo Cafe." And Graham said, "This is a really, really complicated issue." By then, the FDIC had just shut down the bank. So the government has now acknowledged there's a collapse of the 16th largest bank in America, and he is not going to commit guaranteeing deposits to me.

Carolynn (00:22:59):

Ron, by [00:23:00] the way, you're pitching it as guaranteed deposits, which seems very intentional. Were other people using the word bailout in a pejorative way?

Ron (00:23:08):

Yes, there was a lot of that, but I was so busy on guaranteeing the deposits. You just stuck to that. That just went in one year and out the other. My attitude was, I don't care what you call it, we have to fix it and the fix is guaranteed deposits. You can call it and criticize it and you can demonize [00:23:30] Greg Becker, the head of the bank all you want. That's not going to get us guaranteed deposits. People that know me well know that when I put on my blinders and I know what the charter is, I stick to the charter. The charter is guaranteeing deposits. So I give Graham my lecture and he says, "I'm going to go to work on guaranteeing the deposits." And it's not quite as simple as you happen to think it is. And at that time, I [00:24:00] had no idea how complicated and ugly it was going to get.

(00:24:04):

So I hang up on Graham and then I call my very, very, very good friend, Nancy Pelosi. Nancy Pelosi is on an airplane. She's flying from DC to San Francisco for a dinner that I have already agreed to go to, which is why Obama spent all day Friday in San Francisco [00:24:30] is there was a dinner to raise money for Eric Holder's National Redistricting Committee, the NDRC. Nancy Pelosi was flying out, Congress session had ended, but she was flying out to go to the very same dinner.

Jessica (00:24:50):

President Obama was going to.

Ron (00:24:52):

Yes.

Jessica (00:24:53):

I can't believe how lucky this all was.

Carolynn ([00:24:55](#)):

This dinner was in San Francisco.

Ron ([00:24:57](#)):

This was in San Francisco at a home [00:25:00] in Pacific Heights. I do not remember the name of the hosts, but they hate us. Oh. And I'll tell you why. So Nancy, immediately, this is a person who grasped the issue instinctively. I didn't even have to say it. Sweetheart, we're going to get the deposits guaranteed. Not going to be easy. FDIC, not easy. This is a crisis. [00:25:30] Do you know it's a crisis, Ron? Yes, Nancy. I know this is a crisis. Okay. So here's what you're going to do. You're going to drive up to these people's house. You're going to go in the house because Obama, she was still on the plane. Obama was still at his hotel. She said, "You get there early, at least a half hour. You go in the house." And by the way, normally I know the host when it's in San Francisco, this is a house and a host.

([00:25:59](#)):

I didn't [00:26:00] know them from Adam. Oh, wow. So she said, "You get in that house and you find a war room. You pick a room where the guests cannot see us." This is like 40 people at this dinner. She goes, "We're setting up a war room. You go find the war room. You go pick it out. And you go in and tell those people we have a crisis and that you, me and Obama are going to go to the war room." So I say to these poor people, [00:26:30] there's a Silicon Valley Bank crisis and Nancy Pelosi and President Obama, and Nancy also coached me on this, "Tell them that we are late to the party." And she said, "Ron, we have to get our act together and then we'll go to the dinner. We need a plan." So I told them, and so we went and picked out a nice little room that was the war room.

([00:26:58](#)):

And then [00:27:00] she told all the Secret Service and everybody, "Do not take us where we see any guests or where they see us because then we're rude. You take us straight to the war room." So we all got into this war room and these poor people's house, and it didn't take us long to say, "This is a really, really, really bad situation." So [00:27:30] what are we going to do? Once again, we say, "We got to get the deposits guaranteed." And then Nancy and President Obama started talking about the FDIC and how they would view this and the arguments that the FDIC would use possibly not to help us. This guy- [00:28:00] Marty Gruenberg. ... who runs the FDIC. And basically we're saying we're going to have to run the traps on moral hazard because moral hazard is when somebody like a bank takes advantage of the system thinking that the FDIC will back them up and [00:28:30] guarantee the deposits.

([00:28:33](#)):

And if it's a moral hazard, the FDIC doesn't want to get involved. You don't want banks just willy-nilly saying, "We know the FDIC's going to back us up so we can be careless in running our bank." No

Jessica ([00:28:46](#)):

Consequences.

Ron ([00:28:48](#)):

No consequences. And I had never heard the word moral hazard in my life. So President Obama and I and Nancy were in the war room [00:29:00] and they explained to me the hurdle of moral hazard, but the inverse of that is the risk of contagion that the run on the banks continue. That's kind of the tension that we were going to experience over the weekend, this moral hazard versus contagion. And then we

said, [00:29:30] "This is the situation we're going to face and let's figure out who's going to go talk to who, et cetera, et cetera." There were already very strong rumors that First Republic Bank in the city of San Francisco was also at very, very high risk. So we didn't have one failure, we had [00:30:00] One failure plus one that looked like it was going to happen very direct resultly. So then the discussion came around that- Marty Gruenberg.

([00:30:12](#)):

Who's the head of the FDIC, who is the person whose jurisdiction this falls under.

([00:30:24](#)):

And the other civics lesson here that I learned is that Marty Gruenberg [00:30:30] reports to Congress. Most cabinet members, everyone I know in government reports to somebody else in government. The FDIC is different. I don't know how many other agencies are like this, but I don't think there's a lot. The FDIC reports directly to Congress. They report in essence to Sherrod Brown, who's the chairman of the Senate Banking Committee [00:31:00] and to Maxine Waters, who is the chairman of the House Banking Committee. And we had already heard rumblings that Gruenberg was saying, "We are not going to guarantee the deposits. The FDIC will take over the bank." And [00:31:30] among our little group, it was our opinion, just our opinion, that that's not the role of the FDIC as we know it. So we had disagreement with that. Why would Marty be talking about the FDIC taking over a bank?

([00:31:51](#)):

They don't

Jessica ([00:31:52](#)):

Run

Ron ([00:31:52](#)):

Banks. Yeah. In our opinion, they don't run banks.

Carolynn ([00:31:55](#)):

There's no precedent for that, right? They've

Ron ([00:31:57](#)):

Never done

Carolynn ([00:31:57](#)):

This before.

Ron ([00:31:57](#)):

Not that we know of.

Carolynn ([00:31:59](#)):

Right.

Ron ([00:31:59](#)):

Okay. And [00:32:00] then it was either that's going to happen or he's going to go find a buyer for the bank by Monday. And we were thinking, wow, how do you find a buyer for the bank by Monday? You talk about gun to the head, that's a machine gun to the head. But that's what we were hearing that Marty was saying. And so we were just gossiping among ourselves that [00:32:30] Marty's not in a great place in our opinion right now as far as being helpful. And so we started to strategize about who can be helpful. And Marty Gruenberg, kind of an old timer, he had been at the FDIC for 10 years. On again, off again, he had come in and come out, yada, yada. But now he's the head guy. [00:33:00] And so we have to deal with him, but we need a plan B because the FDIC at the time only had cash reserves if they were going to save the bank of 200 billion.

(00:33:20):

And it's like, how much is he going to be able to do with 200 billion if there's contagion? That's just not [00:33:30] going to help. So we said, "We need to go influence and call other people and tell them that we think Marty should guarantee the deposits." The two words, guaranteed deposits.

Jessica (00:33:46):

And this is you, Obama, and Nancy in the war room talking

Ron (00:33:49):

About

Jessica (00:33:50):

This.

Ron (00:33:51):

Yes. Okay. Gail was sitting in the corner

Jessica (00:33:53):

Listening. Oh, Gail was there. Oh, that is

Ron (00:33:56):

Classic. Gail was in the corner listening.

Jessica (00:34:00):

[00:34:00] Was she playing Scrabble or was she actually

Ron (00:34:02):

Listening? I bet she was playing Scramble. And remember, we had the pressure of now every guest is there. The hosts are knocking on the door every five minutes saying, "What in the hell are you people doing?"

Jessica (00:34:16):

Yes.

Ron (00:34:18):

Is we're at the stars coming to the dance. You're in our house and you got the ... Well, Eric Holder stayed out there. Yeah.

Carolynn ([00:34:24](#)):

Okay.

Ron ([00:34:25](#)):

So we had Eric keeping everyone under control. Okay. So [00:34:30] we basically agreed to who the key people were, that the key players would be Janet Yellen, she's going to be key. And then Deputy Secretary of Treasury, Wally Adyamo. Biden's Chief of Staff, Jeff Zions, he's going to be key. Leo Brainard in the White House, she's going to be key. And then we stepped back and said, Barney Frank, who wrote the Dodd Frank Act after the 2008 [00:35:00] bank collapse, who is basically an expert on bank collapses, we're going to have to call Barney. And then looking at other people who had gone through the experience, remember Obama had gone through the experience. Hank Paulson, we're going to want to get his pattern recognition. From

Jessica ([00:35:24](#)):

The financial crisis.

Ron ([00:35:25](#)):

Of 2008. All these people who had pattern recognition, [00:35:30] let's know who's the field of people who can help us. And then obviously Tim Geithner, who was Obama's Secretary of Treasury, and then of course the head of the Federal Reserve, Jay Powell. So those, yeah, that's a pretty good list. Yeah.

([00:35:54](#)):

And remember, we got the pressure to go sit down at the table. Oh, God. But we at least agreed [00:36:00] who we needed to get to, that the situation inside the FDIC, in our opinion, was not good and we were going to need to apply pressure in certain places and reminding ourselves that FDIC reports to Congress. So very key, Sherrod Brown and Maxine Waters. Maxine Waters, I already had a good relationship with. Of course, Obama and Pelosi [00:36:30] have good relationships with all these people. President Obama, very judicious. It didn't take any assignments or anything, but God knows what he did that weekend. But one of the conversations during this in the war room, I'm so glad I remembered this, Nancy Pelosi says to Obama, [00:37:00] "Do you understand that all of my small businesses and all of my startups are not going to meet payroll this Monday?" And it was the only time he kind of raised his voice and he said, "Don't you tell me about the small businesses and the startup impact.

([00:37:27](#)):

Don't you tell me that. [00:37:30] " "I was with Ron yesterday in a room full of them. I saw the horror on their faces.

([00:37:39](#)):

You do not need to get me excited about this issue. I was there.

Jessica ([00:37:47](#)):

"Oh, wow.

Ron ([00:37:48](#)):

And so we were all sufficiently wound up that we had work to do. So then we went to the dinner.

(00:37:57):

The dinner ended and we all just said," [00:38:00] We will reconvene in the morning. "And as we left, we basically knew who the players were and we kind of came to the realization that- Marty Gruenberg. And the FTIC was just not going to be easy when they are talking about, " We'll just take over the bank or we'll find another bank to buy the bank by Monday. [00:38:30] These are not practical solutions. "And it was like Marty Gruenberg runs the FDIC. He doesn't run these banks. He runs a government agency. He's talking about something that we think is irrelevant and we got to go get to work.

(00:38:58):

So I went home [00:39:00] and by then Gavin Newsom, the governor of the state, is swinging into action. And I'm hearing from Anna Patterson and Jason Elliot on his team basically saying, " We're part of the club. Whatever you and Nancy are doing, you have to coordinate with us. "Okay. And I said," Of course, you're the governor of the state [00:39:30] and you can make a lot of noise here too. "So the next morning had to be like 7:30. Nancy and I jumped on the phone together and she had not told me this the night before because we had lots of other things to talk about, but she said," Ron, I have a horrible predicament. "A very close friend of ours lost their child and Nancy was giving the eulogy. So Nancy said," [00:40:00] I just want you to know from 7:30 to 10:00 when the funeral starts, I'm going to be gone for a couple hours at least.

(00:40:08):

"And believe it or not, just her being gone for two hours was like traumatic because by then every member of the House of Representatives in the California delegation was in a complete panic and they [00:40:30] had convened a call at 10 o'clock, every member of the California delegation, and Nancy, knowing that she was not going to be there, deputized Mike Thompson to run that meeting. I forget how many members of Congress there are from California, but it was like 36 or- Yeah,

Carolynn (00:40:51):

There's a lot.

Ron (00:40:51):

40 people. It's a big group. So they were having a big call and Nancy said," Ron, you sit on that call, [00:41:00] figure out what they're figuring out. And then after the call, you call Mike Thompson and you keep the ball rolling on action. "And so the California delegation was getting ready as a group, as I recall, to talk to Treasury, probably Wally or Yellen. So they were getting their act together on what they were going to pitch [00:41:30] to them once again, just guaranteed the deposits. But when you have the entire California delegation calling the Department of Treasury, that's going to wake up the Department of Treasury because obviously they were very unified, very coordinated.

Jessica (00:41:46):

Yeah. Can I ask a real dummy question here? But is it normal for a private citizen like you to be involved in this meeting with the California delegation?

Ron (00:41:57):

No, but I know most of them. And Nancy [00:42:00] said," Sit in on that meeting so you know what they're saying.

Jessica ([00:42:08](#)):

"Okay. She invited you basically.

Ron ([00:42:11](#)):

Yeah. Yeah. Okay. Yeah. And this was because we were getting inputs from lots of other people, and this is where Ruth Porat comes in. Ruth Porat was then the CFO of Google, [00:42:30] but she was ex-Morgan Stanley. And during the 2008 financial crisis, while she was at Morgan Stanley, Hank Paulson said, "I want a few of the brightest people who are not in the government to be part of the 2008 banking crisis war room. "Oh,

Carolynn ([00:42:56](#)):

That's interesting.

Ron ([00:42:57](#)):

And he yanked Ruth out of [00:43:00] Morgan Stanley and put her in the war room. Interesting.

Jessica ([00:43:06](#)):

Wow. And now she's the CFO of Google.

Ron ([00:43:08](#)):

Now she's the CFO of Google. Wow,

Jessica ([00:43:10](#)):

That's really interesting.

Ron ([00:43:11](#)):

Ruth calls me and says, "Let me call Hank Paulson and some of the others and try and get some precedent for what we should be doing here. "And there was a very famous [00:43:30] lawyer, Raj Cohen from Sullivan and Cromwell, who worked in the 2008 crisis that Ruth highly recommended once again for pattern recognition, precedent," How are we going to get this done? "So Ruth was talking to them plus others then reporting back to me. And a lot of the work was about [00:44:00] moral hazard and what is the precedent for moral hazard? Is this a case for moral hazard? Obviously we were saying no, but we wanted every law precedent in the books. And in addition to the tension between moral hazard and contagion, there [00:44:30] was also the precedent around the government invoking a systemic risk exception. So there was a lot of discussion about that as well with Hank Paulson and Raj Cohen and all these people.

([00:44:52](#)):

It was a chess game of all these different variables and how we could use those to convince [00:45:00] the lawmakers that we had to guarantee the deposits. So Ruth did a beautiful job of briefing me. And when Nancy freed up from the funeral, I said, "Nancy, let me brief you because we wanted to ask her permission for Ruth and all the people she was working with [00:45:30] to spring into action with these arguments that we had come up with. "And I had written them all down because we wanted Nancy to approve the arguments. And God bless Nancy.

([00:45:47](#)):

And it was a lot of stuff because people were throwing all this data at us. And Nancy said, "Listen, we don't have time for that because [00:46:00] we need to keep executing. "And she said, it was one of the most flattering things she's ever said to me. She said, "Do you like what's on that piece of paper?" I said, "Yes, it's very logical to me. It is the arguments we should all be using. "She said, "I trust you. That's done. "Oh, wow. "I am not going to waste a half hour going through picking apart that. That [00:46:30] is done. Tell Ruth to execute

([00:46:33](#)):

All that research. That is good stuff. Let's get to work." So with that, she couldn't wait to talk to Janet Yellen, so she wanted me off the phone. So we fed all this information to her, and then she called Janet Yellen. For sure she called Jeff Science, and we're all coordinating who's calling who, who's talking to Gavin Newsome, et cetera, et cetera. [00:47:00] Now, I did not know Sherrod Brown at the time. Mark Kelly, who's a very good friend of mine, who's our astronaut, awesome senator, Mark Kelly, because it's Silicon Valley and he knows what I do here, Mark said, "Ron, this is Saturday afternoon, Ron. I'm going to put you on with Sherrod Brown." And I already knew from Friday night that the FDIC [00:47:30] reports to Sherrod Brown. I said, "Thank you. " So I spent Saturday afternoon educating Sherrod Brown on exactly what was going on because he just thought Silicon Valley Bank was just another old normal bank.

([00:47:47](#)):

And I said, "Please just believe me. " After our discussion, I could tell Sherrod had intellectually understood everything I said and said, [00:48:00] "Now I understand this is different. Let me go to work." And I said, "Thank you. Thank you, Sherrod." And then I also was talking to Maxine Waters and then many, many members of Congress. And then Wally Adiamo and I, I kind of shook off Graham Steele and Wally was taking my calls directly.

Jessica ([00:48:26](#)):

Okay. At this point,

Ron ([00:48:28](#)):

It escalated. But by then the magnitude of it was [00:48:30] so high. He knew I was working closely with Nancy, were friends and he knew that I knew the Silicon Valley ecosystem. So he would call me every few hours with an update or he would text me like, "It's going good. It's not going good. The White House is not understanding what the hell they need to do. " Oh,

Jessica ([00:48:56](#)):

Ron.

Ron ([00:48:58](#)):

And so Saturday night, [00:49:00] this thing was not in a good place. It was the US government just acting like just a bunch of bureaucrats who can't make a decision when it was so clear to me, you have to guarantee the deposits. A whole bunch of people are not going to get paid on Monday. The 16th largest bank is gone. First Republic [00:49:30] is on its way. That meets the definition of contagion. Let's get on with it.

Jessica ([00:49:39](#)):

Can I ask you what Nancy and Janet, did they connect? What was

Ron ([00:49:43](#)):

Janet Yellen's- Nancy and Janet talked many times, I assure you, because she would call me and say, "Here's where Janet's at, and here's where Jay Powell is at. Here's where Zions is [00:50:00] at." I am sure that Nancy also talked to Biden a couple of times. But in my calls with Wally late Saturday, I could tell that his sense of urgency was also increasing. So Wally was not disagreeing with me. Wally was becoming increasingly frustrated because guess who Wally was hearing from?

Carolynn ([00:50:29](#)):

Marty.

Ron ([00:50:30](#)):

[00:50:30] No. Oh. Kind of my strategy with Marty was we need to get the White House to call Marty and tell Marty, "This is what you are going to do. " Well,

Carolynn ([00:50:46](#)):

That's what I was going to ask.

Ron ([00:50:47](#)):

Because Marty was still trying to sell the bank without giving anyone any data. Well,

Carolynn ([00:50:55](#)):

Ron, if I can stop you, you said everyone was acting like bureaucrats. One of the things that's hard to parse, [00:51:00] and maybe you guys were struggling too, is whose decision was this? Was this definitely going to be a group decision or was there one person who could say yes, no?

Ron ([00:51:10](#)):

Well, ultimately, it's definitely, definitely President Biden.

Carolynn ([00:51:14](#)):

Oh, okay.

Ron ([00:51:14](#)):

But President Biden gets all of his input from Jay Powell, Janet Yellen, Sherrod Brown, Maxine Waters, Jeff Zions for sure. And so [00:51:30] you basically need to influence them to make the recommendation to Biden to call Marty and say, guaranteed the deposits.

Carolynn ([00:51:42](#)):

Okay. So it is an executive decision.

Ron ([00:51:44](#)):

Oh, for sure. For sure.

Carolynn ([00:51:46](#)):

Okay. That's actually good to know.

Ron ([00:51:47](#)):

By Saturday night, the situation was beyond frustrating because Marty Gruenberg was still saying [00:52:00] the FDIC can just take over Silicon Valley Bank. When it was our opinion, well, that's not even what the FDIC does. So we're just not sure why you would even say that because that's not your job function. And then he was saying to the banks, "Somebody's got to come in and buy this bank before Monday and save us, so to speak." And he wouldn't provide any data. [00:52:30] And I even called people inside Silicon Valley Bank and I said, "Have you been told that you can't provide data to the potential buyers of the bank?" And they said, "Yes, we have been told that we cannot provide that data, and so we're not." However, luckily, despite the resistance from the FDIC, the buyers were able to somehow get the information they [00:53:00] needed, which gave me a sigh of relief because maybe by Sunday, one of the banks would come in and buy Silicon Valley Bank.

([00:53:13](#)):

Now, it ended up, as history be told, no buyer of the bank came forward.

Carolynn ([00:53:19](#)):

Too

Jessica ([00:53:20](#)):

Tight of a timeframe.

Ron ([00:53:21](#)):

Yeah. Come on. Too tight of a timeframe. That's preaching

Carolynn ([00:53:23](#)):

Fiduciary duty of the buyer bank to do it that fast, especially with limited data.

Ron ([00:53:28](#)):

Right, right. [00:53:30] But there's another release valve that was happening in parallel. I can't stress enough how many activities were going on in parallel.

([00:53:45](#)):

You had Janet Yellen and Wally Adiamo turning Treasury upside down. You had Sherrod Brown and Maxine Waters turning Congress upside down. You obviously had Zions in the White [00:54:00] House turning everything upside down. But what was also happening is the tech community banded together and said, "Why don't we get a bunch of buyout firms to buy the bank?" And we assembled 40 heads of buyout firms and venture capital firms who were willing to participate. Sequoia, Andreessen [00:54:30] Horowitz, General Catalyst were all on this- I remember those. We convened these calls a couple of times. Scott Cooper from Andreessen Horowitz was a ringleader, but the guys at Apollo were the ones who were saying, "We've got money to spend right now. We're willing to spend it. So we'll be the lead." [00:55:00] Just like investing in a company, Apollo was saying, "We'll be the lead." I forget how much money they were putting up.

([00:55:08](#)):

What's everyone else willing to put up? Obviously, we needed other big private equity firms because they had many more assets than Sequoia and Dreesen. All of that activity was going on at the same time. Unfortunately, even though it was a massive effort, it did not lead [00:55:30] to an offer. Once again,

Apollo couldn't find enough PE firms to buy the bank. You just couldn't move that fast. That does not mean they didn't try. These calls with 40 people, it was only the heads of the firms. It was Mark Andreessen, yada, yada, yada. It wasn't for a lack of trying. So that huge effort was going on in parallel. Wow. [00:56:00] And so I would jump on those Zoom calls and listen while I was also waiting for Nancy or Wally or Gavin Newsom or all of that to happen in parallel. But by Saturday night, when I talked to Wally, Wally said, "Wow." He goes, "We're going [00:56:30] from bad to worse here." Oh,

Carolynn ([00:56:31](#)):

No.

Ron ([00:56:32](#)):

I'm getting calls from foreign governments who are very worried about what's going to happen when the market's open on Monday. If the US is going to let the 16th largest bank go under, that is going to reverberate around the world. Anyone who thinks it's not is fooling themselves. And so there were heads [00:57:00] of governments saying, "Why don't you guys hurry up for God's sake? It's pretty obvious what you need to do. Hurry up and do it because you are going to impact us."

Jessica ([00:57:14](#)):

Yeah. And the

Ron ([00:57:14](#)):

Markets

Jessica ([00:57:15](#)):

In Japan were opening

Carolynn ([00:57:17](#)):

A Sunday night. Sunday

Jessica ([00:57:18](#)):

Night.

Ron ([00:57:18](#)):

Yeah. Yeah. Sunday at 7:00 PM Eastern. That was D-Day. That's when Japan opens. But we had many, many governments in Europe saying, [00:57:30] "Hey, it's called contagion and it's not going to be restricted to the United States. You have to do something." So Saturday night, just not feeling good, feeling like a lot of bureaucracy going on. Sunday morning, so I had my little three hours of sleep, [00:58:00] and I get up to see Janet Yellen on the Sunday talk show. And in that interview, she says, "We are not going to guarantee the deposits."

Carolynn ([00:58:20](#)):

Did she have authorization to say that?

Ron ([00:58:24](#)):

Well, she's Secretary of Treasury, so-

Jessica ([00:58:27](#)):

Did your heart

Ron ([00:58:28](#)):

Think Ron? Well, no, [00:58:30] it didn't sink. It exploded. I was furious how dare you say that. How can you, because now we're getting close to D-Day. In DC, it's 12 noon and we only have till seven o'clock. So

Jessica ([00:58:50](#)):

Seven

Ron ([00:58:51](#)):

Hours

Jessica ([00:58:51](#)):

Left.

Ron ([00:58:52](#)):

We have seven hours left and you guys are saying we're not guaranteeing deposits, which [00:59:00] made absolutely no sense, beyond infuriated. Now, in hindsight, if you try and recreate what was going on, it was clear that there was not consensus in the White House, why there couldn't be on something that to me is common sense, but there was not consensus in the White House. And so [00:59:30] she had really no choice but to say there's no guarantees on the deposits because she didn't know what the regulators were going to ultimately decide. She's obviously a huge recommender, has a seat at the table, but for her, it probably would've been bad form for her to get ahead of the regular [01:00:00] Violators.

Carolynn ([01:00:01](#)):

Yeah.

Ron ([01:00:02](#)):

And so she just kind of stuck to the party line, which was completely infuriating and panicking. So I was really, really, really furious. So I'm watching her on TV, I'm screaming at the TV and my cell phone rings and it's Sherrod Brown. [01:00:30] "Hey, Ron, just checking in. I wanted to report to you on what's going on. " Oh,

Jessica ([01:00:34](#)):

Shared is

Ron ([01:00:35](#)):

All I have to say right now. Yeah,

Jessica ([01:00:38](#)):

Sharon. Oh boy.

Ron ([01:00:38](#)):

And we had had some really good discussions on Saturday. He understood the gravity of the situation. And on Saturday, I am his pal. I am explaining things to him and I am saying, "Please and thank you. " But Sunday, I [01:01:00] listened to Janet Yellen saying, "Hey, guess what? We are not going to guarantee the deposits. The phone rings and it's Shared. I'm already really, really pissed off." And he says, he kind of says, "We're doing this and this. " He has a sense of urgency, but not the sense of urgency I have. And at that point, [01:01:30] I did decide I had absolutely nothing to lose. We have seven hours left and I made the decision it's okay to swear, it's okay to insult him. Oh no. It's okay to threaten him because Silicon Valley's going down if this guy doesn't get his act together. And I took my civics [01:02:00] lesson.

([01:02:01](#)):

I know the FDIC reports directly to him.

Jessica ([01:02:07](#)):

Right.

Ron ([01:02:09](#)):

Directly.

Jessica ([01:02:10](#)):

So can you give us a sample of what you said to him?

Ron ([01:02:13](#)):

So he explains where things are at. And I said in a very raised voice, "Somehow you have missed the message. We have seven hours left for you to guarantee [01:02:30] the deposits or Silicon Valley Bank goes down. First Republic goes down. We have contagion out the gazoo. We have the banking crisis of 2008 again, except this time it will be worldwide. What in God's name could be holding you up? What is wrong with you? Wow. Is your head screwed on straight? [01:03:00] What's missing? What do I need to tell you? You need to guarantee the deposits or there's could be, for sure in the United States, there's going to be a bank collapse just like 2008. And in this case, you can solve it because it's just one, maybe two, seven hours left, and I don't see you doing shit." And he goes, [01:03:30] "Well, what do you think I should do?

([01:03:32](#)):

You should call Biden and Zions and Janet Yellen and Jay Powell, and you need to insist that they tell Marty guarantee the deposits. The hell are you doing sit on the phone with me? You need to hear me keep talking? You need to go do your job." And he was super nice. Not super nice, [01:04:00] but he got the point. "Hey, this guy is telling me Silicon Valley's going down and he's also telling me that there's going to be contagion. "And for sure other people were telling him that too. And so I gave him a sense of urgency. So when he hung up, I did say to myself, he is going to do something because now I got him wound up. So my job [01:04:30] was to wind him up so he calls Biden and choose him out, choose out Zions. Where in the hell is the deposit guarantee?

([01:04:39](#)):

This is elementary school, in my opinion. Just do it.

Jessica ([01:04:44](#)):

Simple fix.

Ron ([01:04:45](#)):

Yeah. And we're down. We're 48 hours in. We got seven hours left and you're still talking about it. Y'all could have had a good night's sleep if you did it last night. Because they ended up doing that anyway. So I hang up on [01:05:00] Sherrod. I'm completely beside myself. I'm still furious at Janet Yellen. The phone rings. Again, my cell rings and it's some voice. "Is this Mr. Conway?" "Yes, this is Mr. Conway." "This is Kamala Harris's office. She's going to come on in about two seconds." I said, "I can't wait to talk to her." So Kamala, vice president, [01:05:30] comes on the phone. But first, just know, I have known Kamala since she was the district attorney in San Francisco. Then she became the attorney general, then she became US Senator, and then she became vice president. I have known her her whole career.

Jessica ([01:05:50](#)):

And we know from the Napster interview, you hung out at Sean Parker's wedding with her.

Ron ([01:05:55](#)):

We most certainly did. Yes. And she drove us in her car up [01:06:00] that steep hill that I'm still thankful for to depart the wedding. So yes, we're pals with Kamala. So I got steam coming out my ears and Kamala says, "I want it straight." And I said, "You want it straight. I will give it to you straight. What the hell are you doing?" And then I went through, [01:06:30] "You are going to decimate small businesses in California. They're not going to meet payroll tomorrow. First Republic's probably going to go next and there's going to be contagion all over the place. It's 2008 all over again, probably worldwide this time. And what in God's name could you possibly be waiting for? What in the hell is wrong with you? [01:07:00] " She could-

Jessica ([01:07:01](#)):

Kind of rude to the Vice

Ron ([01:07:03](#)):

President of the United States. So I was just screaming at her because between Janet Yellen and Sherrod Brown, I was out of control, rude and very disrespectful. And she knows how to swear too, and we were both swearing a lot, but [01:07:30] we weren't arguing with each other about the issues in essence. We were really arguing about the sense of urgency. And I was saying to her, once again, like I said to Sherid, "Why are you talking to me? " I like it that you called me because she said, "Give me the lowdown." But I gave her the lowdown and I said, "Okay, I've given you the lowdown. You need to get off your duff and you need to go call [01:08:00] Yellen, Jay Powell, the guy down the street, Biden, and you need to stop this nonsense. Tokyo's opening in six hours. What have you been waiting for?

([01:08:16](#)):

The bank went out on Friday. We got six hours left. What in God's name? What are all of you doing back there? I don't understand you.

([01:08:26](#)):

It's obvious what you need to do. You need to go [01:08:30] do it. What's holding you up?" So like Sharon Brown, I contend that I wound her up and got her really irritated at the situation. She's a Californian. California is going to be decimated by this. And I said, "You need to grab the bull by the horns and start kicking some ass there until people give [01:09:00] us the deposit guarantee." And so she said, "I got it. "

And I could tell she was really pissed off at the situation and I could tell she agreed with me. We have to do the deposits and what the hell are we waiting for, and now I'm going to swing into action. I knew she was going to call Yellen and for obviously Biden and [01:09:30] Jeff Zions, Jay Powell, because she said so, and I have since verified she called all of them with very high sense of urgency.

(01:09:42):

And I bet you Biden has never heard her talk the way she talked

(01:09:48):

When she said, "What the hell are you doing?" Yeah. "You got six hours left? What the hell are you waiting for?" So she goes, "I got to go. " Because then she had her script. [01:10:00] She knew who she was going to call. So I said, "You cannot hang up." And she goes, a few swear words. And I said, "You can't hang up. Now I'm really serious with you. You are the vice president of the United States. I apologize for being disrespectful and swearing at you. " And she said, "Duly accepted and hung up." That's a great ending.

Carolynn (01:10:29):

I love it. [01:10:30] And

Ron (01:10:30):

Then she went to work.

Jessica (01:10:32):

I love that.

Ron (01:10:33):

She went to work for her state. She didn't want

Carolynn (01:10:34):

To end like that. You had to have a little closure.

Ron (01:10:36):

She went to work for her state. She's a hero. Wow. And it's very well verified that she went to town for us.

Jessica (01:10:45):

Okay.

Ron (01:10:47):

And that Sherrod Brown went to town. And finally, before Tokyo opened, came out the press release that the deposits are guaranteed.

Jessica (01:11:00):

[01:11:00] Did anyone text you and say, "It's happening now," or anything? What was

Ron ([01:11:04](#)):

The

Jessica ([01:11:04](#)):

Next sign?

Ron ([01:11:05](#)):

I got a heads up about a half an hour before, and I'm not going to say from who, because-

Carolynn ([01:11:13](#)):

Because you're a private

Ron ([01:11:14](#)):

Citizen. Yeah, I'm a private citizen. I knew a little bit before that we had won.

Jessica ([01:11:20](#)):

So what time of day was the

Ron ([01:11:23](#)):

Announcement? It was like four in the afternoon. Oh

Jessica ([01:11:25](#)):

My God, a mere three hours before

Ron ([01:11:28](#)):

Japan. Yeah, it was four in the afternoon [01:11:30] here because it was seven o'clock in DC and the opening of Tokyo.

Jessica ([01:11:36](#)):

It was literally simultaneous almost.

Ron ([01:11:38](#)):

Oh, they did it just before. Oh my God. So that there wouldn't be a ... The crash would've started in Tokyo, but there was no crash, but they certainly waited to the last minute.

Jessica ([01:11:52](#)):

I'll say. What did you do when you got that heads up and knew it's happening?

Ron ([01:11:57](#)):

There was a football game on, and [01:12:00] I was just super relieved. We've been through a lot of crises with founders, and once we win, I'm just very relieved and very happy. I do not like losing.

Jessica ([01:12:13](#)):

I know

Ron ([01:12:14](#)):

That.

Jessica ([01:12:14](#)):

Yeah.

Ron ([01:12:16](#)):

But the magnitude of this one was huge. In the magnitude of things I've worked on, it's probably Silicon Valley Bank, number one by far. And then number two, the OpenAI coup, [01:12:30] because we didn't want OpenAI to be assumed by Microsoft.

Jessica ([01:12:37](#)):

Yeah. Wow.

Ron ([01:12:39](#)):

But the Airbnb during COVID, that was a crisis. And then we got the new capital in, you feel a very great sense of relief.

Jessica ([01:12:51](#)):

And I remember being relieved because Y Combinator, we were freaking out because of all of our portfolio companies.

Ron ([01:12:58](#)):

The petition [01:13:00] that Gary Tan organized was huge.

Jessica ([01:13:05](#)):

Oh, yes.

Ron ([01:13:06](#)):

Because that petition was aimed at members of Congress, but it was aimed at members of Congress. And remember, the FDIC reports to Congress. And so we targeted the right pressure point, and those petitions got massive numbers of signatures in record time, and politicians [01:13:30] look at that.

Jessica ([01:13:31](#)):

And I should say Gary and Luther and the team at YC really, this was one more thing that was going on this weekend. They sprung into action and they just tapped into our network, our extended network, and they sent out a survey. And what they were able to compile was this is not just a Silicon Valley local situation. There were clients who were going to not be able to make payroll across the country.

Carolynn ([01:13:59](#)):

Well, you [01:14:00] can be ... I mean, it's digital, right? You can be anywhere. So the zip codes where we had companies that were trying to make payroll all over the country, even if there wasn't a Silicon Valley

Bank there, because you could still start ... They open these accounts when they're at YC in the Valley, and then they go off and they run their businesses all over the US. And so it would've impacted tons of workers all over the US.

Jessica ([01:14:21](#)):

So that was just one more nugget of data for the government to see the impact.

Ron ([01:14:28](#)):

Yeah. In hindsight, [01:14:30] I don't know why it took so long. The government has lots of inertia, and we had to break through the inertia because we only had 48 hours until Monday.

Jessica ([01:14:44](#)):

So there was this huge threat of contagion, and yet it feels like there were people in the government who were willing to let Silicon Valley Bank fail. Was that because it was called Silicon Valley Bank rather than the Bank of Santa Clara?

Ron ([01:15:00](#)):

[01:15:00] Well, there's resentment towards Silicon Valley, but even more so not understanding that Silicon Valley Bank served small businesses. They thought it was the bank of Andreessen Horowitz, Sequoia General Catalyst. That's their conjured up thinking of Silicon Valley Bank. Once they got educated about that, that, no, it's thousands [01:15:30] of small businesses and tech startups. Then they said, oh my God, that's the aha moment for Sherrod Brown on Saturday. But I guess he wasn't able to communicate that and it lobbed over to Sunday and then I had to treat him rudely to get the sense of urgency that we only have a few hours left and we're going to have to move faster.

Jessica ([01:15:59](#)):

You've [01:16:00] just chronicled this incredible effort you made to stop this catastrophe. You are a private citizen working to stave off this economic disaster. Is that normal?

Ron ([01:16:13](#)):

Well, it's normal if you have relationships with lawmakers. And I have 20-year relationships with Nancy Pelosi, with Chuck Schumer, with Corey Booker, with [01:16:30] Adam Schiff, more recently Senator Padilla. SV Angel has always been civically engaged. We've always thought that it's important for the tech community to have relationships with lawmakers. Look at the legislation going on right now on crypto and AI. Hopefully, every Silicon Valley CEO [01:17:00] regrets that they didn't get started sooner building relationships with policymakers in Washington, DC who impact our business. And this is a huge example of that. So when I left Baboia Cafe, like, what am I going to do? I was able to call Nancy Pelosi, Chuck Schumer, Sherrod Brown, Wali Adiamo.

([01:17:30](#)):

[01:17:30] And the difference is for me, they pick up the phone. I'm their friend. I tell all the Silicon Valley CEOs, "Do you have relationship with lawmakers? You bet I do." And then I give them the quiz. "Have you met the lawmaker's spouse? ""Yes, I have. " "Tell me the spouse's name. ""Oh, not sure." "Oh, have you been to dinner with the lawmaker and their [01:18:00] spouse? ""Oh, is that what a relationship is? " Yeah. "Have you been to dinner three times a year?" That's a relationship and you enjoyed being with them. Do you know the names of their children? Oh, I don't know the names of their children. You are a

bullshitter. You do not have a relationship with the lawmaker. You have a transaction. You have a transaction with the lawmaker. [01:18:30] That's terrible. Lawmakers don't ... They conduct transactions in making laws, but they're only going to communicate with people and pick up the phone for people they have relationships with where your phone number pops up and they smile.

(01:18:54):

I like that person and I'm going to take their call.

Carolynn (01:18:59):

This is a great circle [01:19:00] back moment. Oh my gosh, Ron. This is huge. Chapter one of this saga is you explaining how you develop relationships and it's really powerful. If we go back and listen to that episode where you're just getting started and you explained all that, not about lawmakers, just about people you like. And

Jessica (01:19:20):

Having a genuine interest.

Carolynn (01:19:22):

Yes. Yes. I mean, this is such a theme.

Ron (01:19:25):

And to accomplish things together. But I always say SV Angel's biggest [01:19:30] asset is its relationship network. And on the weekend of Silicon Valley Bank, we just took the policy, politic part of our relationship network and spent the whole weekend with that piece of the pie. We didn't spend time with other parts of the pie, but everyone picked up the phone. Yeah.

Jessica (01:19:56):

Do you feel like all the companies in Silicon Valley and the [01:20:00] investors and the government really needs to be appreciative of your Herculean effort in this whole thing?

Ron (01:20:08):

Well, it was teamwork.

Jessica (01:20:09):

I

Ron (01:20:10):

Know it

Jessica (01:20:10):

Was teamwork,

Ron (01:20:11):

But- The heroes of the day were Ruth Porat, Nancy Pelosi, Wally Adiamo.

Jessica ([01:20:21](#)):

Shared.

Ron ([01:20:22](#)):

Shared Brown. But Nancy Pelosi in particular, I mean, California is her state. [01:20:30] She gets job creation. She loves founders and no one needed to explain the problem to Nancy. No. She knew instinctively. So there were a lot of heroes. Gary Tan was a hero. All the VCs trying to get the private equity firms to round up the money, that was a Herculean effort. There [01:21:00] just was not enough time, which is why in the end, we needed those deposits guaranteed. Thank you.

Jessica ([01:21:07](#)):

I think that's the theme of this whole episode. Guaranteed deposits. Just guaranteed

Ron ([01:21:14](#)):

Deposits. Exactly. It's the deposit stupid.

Jessica ([01:21:18](#)):

Right. Whoa. What a story, Ron. Thank you for sharing this.

Carolynn ([01:21:23](#)):

Yeah. This is very inside baseball and it's great stuff.

Jessica ([01:21:27](#)):

And a lot of people are going to be interested in this one, so thank you so [01:21:30] much. Thank you, Ron.

Ron ([01:21:32](#)):

And hopefully some lessons learned on getting civically engaged, having relationships with lawmakers. So when this happens again, there's more people helping.

Jessica ([01:21:45](#)):

Yeah. Yeah. Ron, thank you for sharing this story with us. I know people are going to love listening to it so much.

Ron ([01:21:52](#)):

The only bad thing is everyone who went through it never wants to think about it again.

Carolynn ([01:21:57](#)):

This is true.

Ron ([01:21:58](#)):

True. But [01:22:00] this will kind of tell them what happened behind the scenes. And lots of other people did things too. This is just what me and Nancy and Ruth Porat and what we did, what the SV Angel Relationship Network was able to accomplish.

Carolynn ([01:22:20](#)):

Which is a lot, and it's a great story.

Jessica ([01:22:22](#)):

It's amazing. All

Carolynn ([01:22:23](#)):

Right. Thank you, Ron.

Ron ([01:22:25](#)):

It's a pleasure. It's a pleasure.