



Oral History with Patricia

NVCA-Venture Forward Oral History Collection

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National Venture Capital Association
Venture Capital Oral History Project

PATRICIA M. CLOHERTY

Interview Conducted by
Carole Kolker, PhD
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This collection of interviews, *Venture Capital Greats*, recognizes the contributions of individuals who have followed in the footsteps of early venture capital pioneers such as Andrew Mellon and Laurance Rockefeller, J. H. Whitney and Georges Doriot, and the mid-century associations of Draper, Gaither & Anderson and Davis & Rock — families and firms who financed advanced technologies and built iconic US companies.

Each interviewee was asked to reflect on his formative years, his career path, and the subsequent challenges faced as a venture capitalist. Their stories reveal passion and judgment, risk and rewards, and suggest in a variety of ways what the small venture capital industry has contributed to the American economy.

As the venture capital industry prepares for a new market reality in the early years of the 21st century, the National Venture Capital Association reports (2008) that venture capital investments represented 21 percent of US GDP and were responsible for 12.1 million American jobs and 2.9 trillion in sales. These figures, while significant, greatly understate the collective accomplishments of the venture capital industry.

I'm pleased to have initiated and given my early support to this project, which received support from NVCA, and is now funded by the Harvard Business School. I believe these oral histories will advance the understanding of the venture capital industry. This collection, along with Paul Bancroft's Bay Area oral history project at the Bancroft Library at the University of California, Berkeley, and Paul Holland's Silicon Valley project for the Western Association of Venture Capitalists, will add significantly to a growing body of venture capital memoirs available to the public sector.

A special note of gratitude goes to each interviewee who generously gave of his time while candidly sharing his memories. Their recollections bring to life the dynamic story of venture capital in the 20th century, providing a powerful perspective on the history of this industry.

Charles W. Newhall II 2013

VENTURE CAPITAL GREATS



A Conversation with Patricia M. Cloherty

Patricia Cloherty is chairman and chief executive officer of Delta Private Equity Partners, LLC, and manager of the U.S. Russia Investment Fund and Delta Russia Fund, L.P. In 1995, President Clinton appointed Cloherty as a board member of the U.S. Russia Investment Fund with \$440 million of investment capital. In 1998 she assumed the role of chairman, and in 2004 she became chairman and chief executive officer of the U.S. Russia Investment Fund's general partner, Delta Private Equity Partners. The funds made direct equity investments in Russian companies in the financial services sector, consumer-related industries, the media, telecommunications, semiconductor and biotechnology fields.

Pat began her career in venture capital with Patricof & Co. in 1969. She was named partner and later president and co-chair of the firm, with founder Alan Patricof. In 1991 she was appointed chairman of an Investment Advisory Council to revamp the Small Business Investment Company program of the U.S. Small Business Administration by President G. H. W. Bush. Prior to that, Pat served as the deputy administrator of the U.S. Small Business Administration, appointed by President Carter. She withdrew from Apax Partners in 2000.

Pat Cloherty has served as a director of NYSE Euronext since April 2009. She is a trustee of International House of New York, Teachers College, Columbia University and the Ewing Marion Kauffman Foundation, and is a member of the Council on Foreign Relations. Pat was also a president and chairman of the National Venture Capital Association. attending the first meeting of NVCA in 1973. Forbes Magazine had twice named Pat Cloherty to its "Midas List" of the 100 most influential deal-makers and investors in the world. In 2008, Russian President Vladimir Putin signed a decree awarding Patricia Cloherty the Order of Friendship for her contribution to the development of Russian business and for strengthening friendship and cooperation between the Russian Federation and the United States of America.

Pat earned a BA San Francisco College for Women, (now part of the University of San Francisco), in 1963. Following graduation, Pat spent two years in Brazil in the newly created Peace Corps. Subsequently she earned two masters degrees from Columbia University.

The following is an interview with Patricia Cloherty, chairman and chief executive officer of Delta Private Equity Partners, LLC, and manager of the U.S. Russia Investment Fund and Delta Russia Fund, L.P. Until 2000 Ms Cloherty was a partner at Apex Partners. This interview is taking place at Ms Cloherty's home in New York City. Today's date is December 22, 2011. This interview is being conducted for the National Venture Capital Association and the Harvard Business School and is part of Harvard's Venture Capital Oral History Project. My name is Carole Kolker.

CK: *So first let me thank you for NVCA and for Harvard for taking this time out of your really busy schedule. We're going to start right from the early years and go right through. So just for the record, you want to just tell me where you were born and when?*

THE EARLY YEARS

PC: I was born in San Francisco in 1942, and my parents were both immigrants, one from Ireland and one from Canada, and moved up to the Sierra Nevada Mountains, a little town called Pollock Pines, when I was about five. And so I was actually raised in the Sierra Nevada Mountains, Highway 50, thirty-five miles south of Lake Tahoe.

CK: *Why did you all move from San Francisco?*

PC: Well, my parents were running a dry cleaning shop in San Francisco after the war. During the war, they were both what you called "comptometer operators" working for the Southern Pacific Railroad south of Mission Street in San Francisco. A comptometer was the predecessor of the modern calculator. Since they worked for the railroad during the

war, a protected industry for defense purposes, neither was inducted into the war. When dad came as an orphan from Ireland in the twenties, he engaged at age thirteen to do two things: He was a bat boy for the San Francisco Seals, which was the feeder team for the big leagues. It was when Joe DiMaggio was playing. But the second thing that he did, he was a messenger boy for Southern Pacific.

CK: *Really, at thirteen.*

PC: Yeah. So father dear carried on. Then my mother was from Canada. Her mother — because they were both big families, eight children each. My grandmother threw out my grandfather in Victoria, British Columbia, and everyone moved to California. We called her Ma, grandma. She actually was pretty useless. She wanted to play the horses. So she worked at Capwell's Department Store in Oakland during the war and took care of me and my sister and brother after the war. But she would crochet these green dresses and put our little red hair in curls, and we'd all go to Bay Meadows and Tanforan. Those were the racetracks in San Francisco. She would take her bottle of gin and we would go to the track. Mind you, we were only three, four, and five-years-old, so we hit the track early. That's my upbringing.

CK: *Early and often?*

PC: Early and often.

CK: *So you said you had a brother and a sister.*

PC: Yes. I later had another sister. One died five years ago.

CK: *And your brother is —?*

PC: In Wyoming. He's a retired schoolteacher.

CK: *And his name is?*

PC: Michael.

CK: *And your sister?*

PC: The one alive is Judy and she's chief concierge at Sonoma Mission Ranch.

CK: *And the sister who passed away, her name was?*

PC: Maggie.

CK: *And so did they all stay out west?*

PC: Well, yes, except a nephew who became a starving artist/musician in Brooklyn, New York, after graduating from Oberlin College.

CK: *So where do you fall in line?*

PC: I was second.

CK: *And how'd you all get along?*

PC: Wonderfully, frankly. My sister Judy, who is now the concierge, she's now a widow.

CK: *So you've stayed close?*

PC: Oh yeah, had them all over for Thanksgiving this year.

CK: *How about you? What were your interests as a child?*

PC: Girl Scouting.

CK: *So were you a nerd, a reader, thinker?*

PC: A reader. I've always been a reader. Always. Well, my mother, unfortunately, was an invalid. She had terrible, unremitting rheumatoid arthritis. But, that notwithstanding, she ran for the school board from her wheelchair, and she got the local timber owner in our stamped the due date on the books. So Maggie and I Mother was very literary in her own way. So she ran the local library from her wheelchair, and Maggie and I were her handymen.

CK: *Were you a tinkerer?*

PC: Always.

CK: *And a good student?*

PC: Not good — *superb*.

CK: *Girl Scouts, you mentioned Girl Scouts. Did you start that — what's that, fifth grade, after Brownies?*

PC: I was in Brownies, too.

CK: *So why did you cite Girl Scouts as something that—*

PC: Because it was so much fun. We were in the mountains, hiking and swimming every spare moment.

CK: *So you could earn all your badges.*

PC: Well, I didn't think about that. We thought about camping out. I invented a reflector oven. Here's what happened. Shredded Wheat used to have cards in — what was the name of the Indian? Anyway, so you could invent all this stuff from the cards in the Shredded Wheat package. I would do that, whether it was a tent made from a parachute from the Army-Navy store, or a reflector oven, or a waterproof thing for matches. Anyway, so when I was about twelve, I called two of my friends who were in Girl Scouts as well, and I said — this was April in Northern California — and I said, "Let's go cross country skiing and we will try out all of my inventions?" So Cindy and Mary and I went up the ski lift to the top of the hill. Then regrettably there was a blizzard, and so we couldn't see much. I said, "We've gotta camp out." So we put up the tent that I had invented from this parachute and tried to light a fire. We couldn't because it was just snowing too much. So we just all went to sleep in our sleeping bags with our ski boots, everything on. And in the morning the tent had fallen down on top of us, and it was still snowing, and there was an avalanche. We had to shush down the mountain in our skis. One way or the other, we thought we were dead. So boom! Down the mountain we go, and we hear this crack! And the snow closed Highway 50. So our parents couldn't find us for two days, because we were sort of stuck there in a snowbank. To this day, I have the effect of frostbite in my toes.

When my mother died, my father came out here to visit me in my country house in Garrison, New York. He said, “You know, Pat, for all this ridiculous life that you’ve had, the only time that your mother and I really worried about you was in the avalanche.” And the people at Sierra Ski Ranch on Echo Summit found us and we made it out. It was character building.

CK: *I’ll tell you, it prepared you certainly for flying back and forth under the conditions that you’re doing now.*

PC: Well, for the venture capital business certainly. I also went into the Peace Corps — I was one of the first Peace Corps volunteers in the early 1960s — in Brazil. I spent my time in agricultural extension, mainly animal husbandry and crop production, teaching Brazilian kids how to castrate pigs and other aspects of animal husbandry and agriculture. That also was good preparation for the venture business.

CK: *Did you have a favorite subject, or were you just good at everything, when you were in school?*

PC: No, no, no. I majored in Spanish literature and Classical Greek.

CK: *Back in your childhood. You skied. Were you competitive in other sports?*

PC: Everything. Softball, basketball — I was always a giant, literally (I was large). I was very good at basketball, very good at softball; I was a pitcher. I just loved sports.

CK: *How would you describe the values in your home growing up, whether towards education or work ethic; what was the message in your home that you were growing up with?*

PC: Study was it, basically. Mom started the library thanks to one of the logging moguls in town, Harvey West. Our other sister came later, so Maggie and I basically grew up around books. She did not enjoy studying, by the way, but was good at many other things.

CK: *Maggie did? Oh, okay. But what were the expectations for you?*

PC: Whatever I wanted. My parents were new to the country, and they just said, “Get a good education.” And of course, we were close to Lake Tahoe, so I learned to gamble very early. Friday night I was busy wrapping up all my gifts, and I heard on the television that they had gambling out at Aqueduct, at the racetrack. I was supposed to have lunch with a friend of mine, who’s a widow, an old hiking buddy of mine, whose son ran Rupert Murdoch’s empire. Anyway, so I said, “Phyllis, let’s not go to lunch. Let’s go to Aqueduct. Let’s gamble.” We had such a hilarious time. She called me last night and she said, “I haven’t had so much fun in years.” I lost sixty dollars. Cheap fun, yeah. So anyway, I said, “What’s all this debate in New York State about whether to have gambling?” We just went out to this huge casino and we just had such a good time.

CK: *Did you work at all, growing up? Earning money?*

PC: Always. Yes. I’m from a poor family.

CK: *So what were you able to do, what kind of work?*

PC: When I was five, I was working in the library. I think I got a couple of quarters. But then I picked pears. It was agricultural and mining country. It's El Dorado County, where gold was discovered in California. And so I picked pears and we had a competition with the Mexican workers, but I was really very good. At twenty-five cents a box, it was up and down the ladder with my little thing on, throw the pears in and run up. Then, as I got a little older, like nine or ten maybe, I became a soda jerk at the local soda fountain.

COLLEGE YEARS: SAN FRANCISCO COLLEGE FOR WOMEN

CK: *This is child labor.*

PC: Who cares when you have a family to feed. After high school I got a California State Scholarship to go to any school of higher education in California. My mother and father, who did not go to college, chose San Francisco College for Women, which is now part of the University of San Francisco. I attended as a scholarship student. I started at age sixteen, and I worked as a chemistry lab assistant and a receptionist, in addition to the California State Scholarship.

CK: *Oh my, you have been busy. And you majored in Spanish lit and philosophy? Why did you choose those two?*

PC: Well, I was headed toward chemistry, but at that time San Francisco College for Women had a small, but not strong, chemistry department. I was a scholarship student and it was a women's school, and many were daughters of South American dictators, so they were

not exactly on scholarships, but I was. There were some ten of us. One of them, Fran Harden, is a friend from all those years back. She happens to be in Afghanistan at the moment doing some USAID work, but she was at that time the only black girl in the school. Since Fran and I were scholarship kids, we could pick courses and teachers from all the schools in the area. So I chose a tutor in Classical Greek from UC Berkeley who would come and tutor me in Attic dialect. Anyway, I loved it. To this day, I am an ardent student. If I hadn't been sent to Russia, I would be doing my PhD in biochemistry at Columbia, where I was a trustee for several years.

CK: *Can I ask why you chose, of all the schools that you could've selected, a woman's college?*

PC: No, you'd have to ask my mother and she's dead. She didn't want me to go to Berkeley. I was only sixteen, from Pollock Pines.

CK: *So it's the fifties and she wanted you to be somewhere —*

PC: Protected. She trusted— She met Mother Parks, the nun who was then president of the college. Mother Parks said she would take care of old Patricia, and she did. I became student body president. Mother Parks said to me, "Pat, all the students in the 500 or 600-year history of the Madams of the Sacred Heart who have been student body presidents have entered a sodality, the Children of Mary. I said, "What's a sodality?" So she went into this whole thing. I said, "I have to think about this." And so I went away, and then I came back and said, "Mother Parks, I have thought a lot about the Children of Mary, the

sodality, and I think I cannot join.” So she took my hand and she said, “Pat, you know we all love you, but in the end, you are so secular.” I left the office saying, “I’m so secular,” as if it were terrible. Anyway, so I had a good time at the college.

PEACE CORPS 1963-1965

CK: *It’s just wonderful. What did you plan to do when you finished college?*

PC: Had no idea. No. A few things happened. The Peace Corps was being formed then, so I decided that I would go into the Peace Corps.

CK: *You just heard about it and said, “That’s for me”?*

PC: It never quite works like that. It sounded interesting, and I was good-willed.

CK: *Do you remember Kennedy’s inaugural?*

PC: Of course. I worked for them, the Kennedys.

CK: *For the election?*

PC: Well, yes, because the family financed the Peace Corps at first since the legislation had not been passed, so I was on their payroll for Sarge Shriver. But what happened was, in my senior year at San Francisco College for Women, now USF— Baroness von Trapp of the Trapp Family Singers — you may know “Sound of Music.” Anyway, so Mrs. Trapp was coming to San Francisco. So, as student body president, they asked me to be her hostess in the city. The Junior League — I wasn’t in the Junior League; I was a logger’s daughter — but anyway, they asked me to be her hostess. And so Mrs. Trapp and I ran

around the city for her speeches. So she asked me what you just asked me: “What are you planning to do?” And I said, “Well, I’m going into the Peace Corps.” She said, “You cannot do that. You will become a pawn of American foreign policy and you will ruin your life.” So I called my mother, who was in her bed because she was an invalid. I said, “Mom, Mrs. Trapp told me that I would become a pawn of American foreign policy and ruin my life if I do this Peace Corps thing.” I said, “She wants me to come and stay with her in Vermont so that she can turn my life around.” And my mother, who had read her books, and she loved Mrs. Trapp, said, “Do whatever Mrs. Trapp says.” So I put on my dirndl — this is the Austrian part of my life — and I zipped up to Vermont, and I stayed with Mrs. Trapp, where she tried to dissuade me from going to Brazil.

Now, I had asked the Peace Corps to go to a Spanish-speaking country, but they were so disorganized at the time, they didn’t know the difference between Portuguese and Spanish. It was like the Army. They didn’t know really who was where, what gig was what. So they sent me to Brazil. Portuguese! But Mrs. Trapp and her family were wonderful. They gave me my twenty-first birthday in the Green Mountains of Vermont and they sang Brazilian folk songs. (sings a sampling) So they sang all of these wonderful things. She remained, until her death, one of my mentors. She wasn’t Julie Andrews, by the way, she was one tough cookie.

CK: *They became missionaries in the South Pacific. I was looking this up. Is that true?*

PC: They didn’t become missionaries; they kind of were missionaries. They wanted me to run a school in Papua, New Guinea. Rupert, a son, was in the United States and Hedwig,

a daughter, was in Hawaii, and others were elsewhere.. Very Catholic. She was working with Tom Dooley's Good Ship Hope in the Mekong Delta. That's where she wanted me to go during the Vietnam War. So she asked if I would do that instead of doing agricultural extension in Brazil, but I didn't really want to go to the Mekong Delta at that time.

CK: *You were pretty independent minded, I would say. You had a certain independence of thought that resisted the direction people were pulling you in.*

PC: This is not active resistance. I just roll along where my heart and head take me.

CK: *But it sounds like you knew what you wanted to do or preferred.*

PC: Who really knows? I was always an achiever, and I loved the Peace Corps. To this day, many of my friends date from that experience. Donna Shalala was in Iran when I was in Brazil. And Carol Bellamy was in Columbia, Guatemala, and Chris Dodd was in Columbia.

CK: *So there's a whole club of ex-Peace Corps? So when you went to the University of Wisconsin in '63, was that in preparation for the Peace Corps, that you took Portuguese and animal husbandry.*

PC: Totally. Yes

CK: *You were in the Peace Corps for two years, right? What were you learning about yourself in that experience?*

PC: That I enjoy life enormously. That's all. And also that I am enormously flexible — as they said in the Peace Corps, “flex”; you can't be rigid. I became Peace Corps volunteer leader because, for better or for worse, the country had a revolution while I was there, and I was in the city where the revolution originated. My roommate was a Brazilian student who slept with a pistol under her pillow and went to Cuba every month. I think that the Brazilians thought I might be at some risk, so they moved me to a different area and position

COLUMBIA UNIVERSITY

CK: *You'd already been in an avalanche so—*

PC: Yeah, I'd already been in an avalanche. So they bumped me up to run the program in Central Brazil. So I went to the central office in Belo Horizonte, the capital of Minas Gerais. That was great. I had to move some people out because they had trouble adjusting. Not everybody takes well to a foreign environment. That was very good. Later I met a fellow on a train in Brazil, and he pushed this question. Everyone says, “What do you want to do with your life?” I didn't know. I'm twenty-one. What do I know? So he said, “You should become a Ford Foundation fellow in international development.” So I said, “Sounds good to me.” I filled out forms, and I won a fellowship so that I could choose any of ten universities in the United States to go to get two master's degrees and a doctorate. So I chose Columbia. I don't know why; I'd never been to New York. But that's what happened, so I went to Columbia.

CK: *Okay, you have this dual major in international affairs and comparative education. What was that preparing you for? Did you at that point have some idea of what you'd like to do?*

PC: Probably, yeah. I thought that it would be interesting working for one of the international organizations. Remember, in the interwar period there were institutions established meant to secure international peace. I thought that was interesting. My advisor was Andrew Cordier, Dean of the School of International Affairs at Columbia, who, with Dag Hammarskjold and others, had founded the United Nations. And so Dean Cordier was my mentor. I finished the two master's degrees, and I was planning to go on to a PhD in political sociology, when the Students for Democratic Society closed down the university. That was in 1968.

CK: *The riots?*

PC: Yeah. And my advisor was a true scholar who couldn't take the turmoil of policemen on horseback on the campus, so he left for Yale, where he got immediate tenure. And so I called Mrs. Trapp and I said, "My advisor's now gone to Yale. The University is closed." She said, "You have to go to Mexico and work for Ivan Illich," a former Monsignor in the Catholic Church. He had started a center in Cuernavaca for intercultural documentation. So she said, "You have to go down," so I did.

CK: *Oh, so this is the CIDOC? It was 1968.*

PC: Right. So I went to Mexico and I worked there managing seminars for political exiles from Latin American countries, because Spanish and Portuguese are both my languages.

It was fascinating. I was on this little peso salary, which I blew every weekend going to Oaxaca, Acapulco, whatever, until I was absolutely broke, and then I called Mother. That's what you do when you're college age, call Mom. I said, "I need money."

CK: *You were still relatively young. You were twenty-six.*

PC: [And then] South Africa — boycotting stuff. And so the issue was whether I-House, and by proxy Columbia University, ought to cut off all of its investments in South Africa. And so she asked me to chair a committee of one — that was me.

CK: *So you're living in International House as a graduate student at Columbia. This is through the Ford Foundation fellowship that you had ?*

PC: Actually, no. It goes back a little earlier than that on the Rockefeller experience. It didn't have to do with Ford. Ford was a separate fellowship. You see, at that time the Rockefeller family supported the Agricultural Extension Service in which I worked in Brazil. And I was busy trying to hybridize tomatoes at a university in Brazil, Visoça, and I met Nelson Rockefeller and some other agricultural researchers. And so I worked for them for a bit.

CK: *While you were in Brazil?*

PC: And subsequently, I am today a trustee of two of his sons' estates.

CK: *So you've been involved with the family for all of these years?*

PC: Since 1963. But that's private business. That's my business.

CK: *You went to Columbia, you had this dual major, and you lived in International House. Was that just something that they offered you, or did you know about International House?*

PC: No. How could I know about International House? I was in Carangola, Brazil, where I met the lovely wife of a Brazilian doctor, whose father was then president of Pratt Institute. I told her that I was going to the city I'd never been to. She said, "I'll write my father and you can stay in Brooklyn Heights until you get situated." And so I was very the grateful guest of the president of Pratt Institute in Brooklyn Heights while I tried to figure out what I'm doing in this town. Anyway, that's how it happened. And then they accepted me at International House, because 30 percent of the students were U.S. nationals; the rest were from overseas, from ninety-six countries at that time. But I was, happily, one that they accepted to come and stay.

CK: *So how did this experience shape the direction of your life in any way?*

PC: Oh, you mean at I-House? I have friends around the world. John Pek in Singapore is a great friend. I had to give a speech at the U.K. Parliament last year and I was walking down the hall and I hear this Scottish accent say, "Pat, what are you doing here?" And I said, "I'm giving a speech for the House of Lords." Someone from I-House.

CK: *Did that broaden your international outlook or make you a cosmopolitan in the true sense of the word. You've become comfortable —*

PC: Everywhere. I suppose it did. One of my best friends, Joanne Edgar, is from Mississippi. She lived across the street from Eudora Welty. Do you know the writer? Anyway, she lived across the street from Eudora Welty. And Mary Fowler, another great friend, whose father was a rocket scientist at CalTech and he got a Nobel award. And so Mary and her husband, Larry, who was with one of the federal agencies — we all went over and saw her father get a Nobel award. Is this good, or what?

CK: *Considering you're just in your twenties. These experiences really are life altering.*

PC: Of course they are. No, they shaped the world for me.

CK: *What do you mean when you say that?*

PC: I think without all of those people I could've become — I could be a comptroller at Exxon. Forgive me. I think comptrollers at Exxon are wonderful people, but God forbid. Okay. Let's move on.

PATRICOF & COMPANY (APAX PARTNERS) 1969-2000

CK: *Let's move along. How did you meet Alan Patricof?*

PC: I was president of the Society for International Development in New York City, which was associated with United Nations, and he was a member. It was in 1969.

CK: *You're twenty-seven years old. How did you get that role, that position?*

PC: Well, I've always been kind of a busy beaver. I was elected.

CK: *So he was a member and—*

PC: And he said he was forming a venture capital company and he needed somebody, an analyst. And then he said, would I like to learn the business from the ground up. I had no idea what the business was, so I ran around New York asking, “Who is this guy? What is this business?” And of course, this was 1969. Few knew what venture capital was at that time. I didn’t really understand his code language, which was — learning the business from the bottom up meant working for basically nothing, but I wasn’t born yesterday and I got this fast. I thought it was kind of interesting. Here’s the other part. The international institutions at the time, whether it was World Bank, the IMF, or whatever, did not hire women for international work. And so here I’d been dashing around the world and I thought I did not want to give it up.

CK: *So your options were limited as a woman in the late sixties, before the women’s movement.*

PC: The women’s movement was going on and I knew about that, too. But anyway, here I was with two master’s degrees, an aborted PhD, and institutions were hiring my male colleagues, not me.

CK: *How’d you feel about that?*

PC: I will be vulgar, because I’m too old. I thought it was terrible, because I was ahead of many. So when Alan, whom I didn’t know from Adam at the time, says he’s forming this venture capital company, and I said, “What’s that?” He said he needed an analyst. So I had to dash around New York and figure out what this was all about. Then I figured out

that it was really tackling — it was David versus Goliath. It was taking small amounts of money and challenging behemoths, whether it was AT&T, IBM, at the time, and others.

I said, “This finally is interesting.”

CK: *I don't see any finance in your background.*

PC: You learn it. I've survived from nothing. That's my finance. Wonderful financial leaders such as Felix Rohatyn, former senior partner at Lazard Frères, never studied business either. And I don't think you have to.

CK: *Okay, so what made you think — you didn't know what venture capital was, actually, but what made you think that you might be well suited for this?*

PC: I never think like that. I don't know what I'm well suited for. I'll be seventy this year and I still don't know. But I seem to keep learning. I have always loved the idea of creating companies. In Russia, they're still many “flippers and strippers,” and few really develop companies, which is, frankly, a tragedy. But it is changing gradually as more young people enter the economy.

CK: *That's frustrating. Some of the things that characterize a lot of the venture capitalists are competitiveness, broad interests, somewhat of a risk taker, maybe measured risk, high energy, curiosity, exuberance.*

PC: All those things.

CK: Alan — *I'm certain he didn't pick you out of the crowd. I've talked to Alan and he said he thought you were really smart and could learn this. So we have that. But you see him as an important figure in your life, in terms of—*

PC: We are both adventurous, so it has worked. I left to go in the Carter Administration as Deputy Administrator of SBA, and when I rejoined Alan in '84 or '85, I told him, "Three strikes you're out if you're going to interfere with me, because I can't take it." But I always say these things with humor.

CK: *What was motivating you? Well, I guess you pretty much answered that, what motivated you in this venture capital. What was exciting you about the work you were doing with Alan when you joined in 1970? What's going on in venture capital?*

PC: There was only a tiny venture capital industry. No, I thought it was interesting. I thought it was interesting to take on giants. I'd been in the Peace Corps. You take on challenges. You have some revolutions and this and that. Everywhere I went, they seemed to have revolutions. So I thought this was really a very interesting undertaking. I didn't think about it ever as working *for* someone. I thought about it as painting with my own paint.

CK: *Well, you were made a partner within a year, is it?*

PC: Two years, in '72.

CK: *I guess this is the mostly likely question of what anybody is going to want to read: How was it being a woman in a man's world?*

PC: I have no idea. That was not the focus of my attention. The point of the business is to secure higher-than-average returns on invested capital, and when I have a bone in my teeth, that's the subject. I'll tell you one story. This must've been 1996. W.R. Grace was selling off American Breeders in Wisconsin. It's the world's leading independent distributor of bull semen. So my partners, cowards as they were — during one of the coldest winter in decades — said, "Pat, you were in Brazil in the Peace Corps. You've got to go to Wisconsin and look at this bull semen situation." So what do I say? "Yeah." By then, the world has changed and everybody I sit next to on the plane says that he or she is a venture capitalist for private equity something or other. After Mike Milken, you had to rename the private equity business, because leveraged buyouts had become déclassé.

Anyway, so I go out to Wisconsin — and everyone's telling me how glamorous this is. I go to Madison, Wisconsin, on a Sunday night. It's so cold. I stayed in this hotel on the UW campus, and I get up in the morning to go visit the company and I put on everything in my suitcase. I kept my pajamas on. I put on every single item I had, with a little hat, and I drive out to this farm. The nicest people in the world, and we had doughnuts and coffee and so on and so forth. And then I had to meet the bulls. So I went out and it was sixty-five below with wind chill. They're in lean-tos, gigantic bulls. So I met the seventeen largest semen producers. And then I watched them mount these and extract semen. And I said to myself, "Is this glamorous or what?"

CK: *This is due diligence. (laughter)*

PC: This is serious due diligence. It was not our cup of tea, so to speak, but anyway.

(laughter) I've been through a lot of this kind of nonsense over the years. We didn't do the deal, by the way. It was an asset stripper situation, not our business. They couldn't compete with Land O' Lakes and other cooperatives

CK: *I want to move on to your experience in Russia. I don't want to take up your whole day, although this is wonderful. Do you have a memorable investment or something, before you went to Russia, while you were with Patricof & Co.?*

PC: My strong suit was life sciences and other intellectual property-based businesses.

CK: *Do you have any challenging investment or something that kept you up at night, or something that didn't work that's really instructive? Pick one, just a great —*

PC: I will pick a couple that were so rewarding. Agouron Pharmaceuticals became the world leader in HIV protease inhibitors, and I was in that for ten years — went in at \$39 million post money value and sold it for \$2.2 billion. But we went through twenty-five thousand patients, including five thousand pediatric AIDS kids. My neighbor in Garrison, New York, is an AIDS doctor. We used to walk our dogs and talk about CD4 counts and all that. And I suppose Centocor in Malvern, Pennsylvania— Agouron was in San Diego. Centocor was in Malvern, Pennsylvania, and that became the world leader in monoclonal antibody therapeutics and diagnostics. On that one, I did the first private investment in public equity in 1988 on Wall Street, and I did it with Bruce Peacock, their CFO at the time. Bruce and I just worked — the most convoluted deal I ever saw, but anyway, we put it together and got it done. That was sold successfully to J&J.

CK: *So what are you looking for when you vet a company, when you go in before you put your money into it? What are you looking for?*

PC: Excellent management, high quality science, robust, generally underserved markets, acceptable risks in view of anticipated returns in a reasonable time frame. Also, there should be a productivity gain relative to competitors.

CK: *I saw your list of memberships on boards and your government appointments - seven pages - and thought, Where do I start? Where will you start?*

PC: I look for the underlying economic premise. Is there a productivity gain? With Dolly the cloned lamb, which was probably the most dramatic productivity gain — the best science, out of Rosalyn Institute in Edinburgh, Scotland. They were making high-value pharmaceutical proteins at one one-thousandth of the cost of conventional synthesis. Now, my sister Maggie died of the alpha-1 antitrypsin problem. Anyway, I was hoping we could get to a drug before she would die, but we didn't make it. But they were doing alpha-1 antitrypsin out of the milk of genetically altered mammary glands of sheep. Why is it cheaper? You start with a \$7 sheep instead of a \$50 million vat. Why is it better? Because bodies make proteins better than chemical vats. There's just a whole cascade of economics. So I always look for: What are the underlying economics? Is there a productivity gain here? That's why I'm never much good at retailing. I think it's wonderful people sell cashmere sweaters and so on and so forth. It's not my schtick. But I love getting analytically to the bottom of things. Tessera Technologies.

CK: *Okay, that's a big one for you.*

PC: Not as big as the others, but it was big. But these two smart scientists out of IBM — but they had, in fact, developed for IBM, which chose not to pursue it, the means of controlling the thermal properties on the head of a semiconductor chip. As the chips — we've got them in here; we've got them everywhere — as the chips get smaller, as they say, the “real estate shrinks” and the pin count increases, the speeds increase, then thermal collisions increase as well. So you have a heat property that causes a crash. I liked this, fundamentally I liked it. So a partner and I backed them to file their first patent application for \$360,000 at the Patent Office. We worked with IBM to get all of the intellectual property cleared up. And it worked over a number of years. It takes time. I brought in the Wallenberg family of Sweden, who were wonderful, wonderful partners. So we stuck with them, and I ended up putting in \$12 million for 24 percent of the company and sold it for \$1.8 billion. But it took time. It took patent litigation. For five years, we had litigation with companies such as Samsung, Sharp, Texas Instruments, and so on, to clarify the IP rights.

CK: *How did this opportunity come to you?*

PC: Through the scientists and my partner, Bill Bottoms, a physicist.

CK: *Well, maybe in general how do these opportunities come to you? Are you looking around, asking questions of what's going on?*

PC: In this case, one of the scientists from IB — I was in my home, in Garrison, New York, at about six o'clock in the morning, having a little coffee, and someone comes through the back gate, and it's a scientist from IBM, Tom Di Stefano. I said, "Tom, what are you doing here?" His hair's all like — he looks like Einstein — he has all these drawings of semiconductor chip packages. He said, "I've got to show you these packaging designs." This is six o'clock in the morning on Saturday, and I'm at my country house. So I say, "Come up on the terrace." He opens all these drawings. I finally called my neighbor. I said, "Cindy, can you come down and say that it's time for us to go to Wal-Mart?" I was beside myself. Enough already of semiconductor chip packages. I'm barely awake and he's been on the redeye from California. But that's the nature of the commitment.

CK: *How did he know you?*

PC: Through my partner. But Carole, I have to tell you, one gets deals everywhere when you're in the business. I get deals on Flight 30 from New York to Moscow, 31 back. Everyone has a deal.

CK: *Is this kind of a network that you end up developing?*

PC: I am so over-networked it's not funny. I don't join any of these social networks.

CK: *But a network of people who know you?*

PC: I suppose. You hang around life long enough — I'll cling onto life a bit, a couple more years.

CK: *Starting out at the other end, did you work to build a network?*

PC: Yes, you went to trade shows, conferences, industry meetings, and your network grows, including among investors.

CK: *What made Patricof Partners distinct from other venture capital firms?*

PC: We did a broad range of deals, not just technology in those early years — magazines, toy distribution, secondary lead smelting, and so forth.

CK: *Eventually, when there's Venrock and Oak and some of the early firms, did you see Patricof as distinct in any way?*

PC: I know all of them. No, it's not that way. I don't work that way. Look, a lot of people at Oak, Glassmeyer, are old, old, friends, Annie Lamont and others. I view them as gifted investors in their own strategic areas.

CK: *So there wasn't this "band of brothers" kind of situation in the early days, when some venture capitalists, if they needed to raise funds, that you would work with?*

PC: Not really, that came later, in the 1980s. In Russia today, I've been approached by at least ten groups to raise money. But I can hardly walk with my bad back pain, so I cannot do it.

CK: *But you all were doing international early on.*

PC: In '74 we started, in the U.K. and France.

CK: *Why were you thinking of doing venture capital internationally? That's really a challenge. Or was it a challenge?*

PC: I've always lived internationally, so it seemed normal.

CK: *So you didn't see it as a challenge going into this uncharted territory?*

PC: No.

CK: *Was it different doing venture capital abroad?*

PC: Every country is different. But that doesn't change the basics of the business: higher-than-average returns on invested capital. That's your only obligation, wherever it is. I don't care if it's in Czech Republic or Chad. That's the subject. And so you do what you have to do in that context. And so each country, clearly, each economy is different. Each country is different. The conventions of doing business are different. And so you simply acknowledge them and live within them. I'll be going to Trinidad and Tobago tomorrow. Last time I was there, I ran into this British aircraft engineer with a new baffle for measuring particulate matter in air. And so while my friends were off bird watching or doing something, I was busy working with him.

CK: *That's interesting. Can you learn to be a venture capitalist? Is it an art or a science?*

PC: Both. The scientific part is the analytical one that I talked to you about. You have to see if there is a— I guess the way they say it today is “better, faster, cheaper.” Is there a productivity gain? If you can make something against genetic emphysema for one one-thousandth of the cost of conventional synthesis, you'll blow 'em away. The fact that it

may be fairly sophisticated science to get there is one analytical obligation to understand. But that is an analytical exercise coupled with a sense that there is an underserved population. To me that's the art. If all you can do is analytical stuff, you're usually dead in the water. If all you do is art, you're usually dead in the water. The highest form of human thinking is synthesis, where you bring it all together, and that is the obligation of our business if we really want high-value outcomes — with attendant risks. I will not say there are none of those. There are lots of those. But you have to have the guts to live with them and through some years. I've had a hard time with a lot of the Internet stuff. It comes as close to the Russian flipping and stripping as you can come, because you think that within six to twelve months— But real value has ultimately to be created.

CK: *In the long list of venture capitalists that have been selected to interview as pioneers, I saw there was one woman, so I was very eager to make sure that I got you.*

PC: There were nine of us early. This is why, when this Private Equity Women's Association asked me to be keynote speaker in Half Moon Bay, California, a couple of years ago, I was astonished. There were some four hundred women there. When I started in the business, there were so few. I said, "I am just overjoyed." So they sent me this letter a few weeks ago, would I come and get their Trailblazer's Award in March. So I said I'd be happy to. And then they asked if Alan — they sent me a note; I'll have to respond tomorrow — would he be an interlocutor, in effect. Of course, I will forward it to Alan. That would be fun. I will tell him that we would take our show on the road.

CK: *Really, it is history.*

PC: By the way, in 1973, I did attend the first National Venture Capital Association meeting.

CK: *That was next on my list because I do want to hear about it. You were there for the launch of NVCA. Who was there at that time?*

PC: It was a small group: Pete Bancroft, Charlie Lea, David Morgenthaler, to name a few.

CK: *So what was the reason for you forming an association? What was the mission at that time?*

PC: To reduce the rate of capital gains tax, mainly.

CK: *And then you became first the director of NVCA and then president and chairman between '89 and '95. So this is before you got involved in the Russia Fund?*

PC: Well, Mr. Clinton appointed me to the Fund for Large Enterprise in Russia (FLER) in 1994, which was merged into the The U.S. Russia Investment Fund (TUSRIF) in 1995. I did it on a pro bono basis, as I was with Apax until 2000. I'm doing it for free. I'm doing it as a citizen.

CK: *So between '77 and '78, Carter appointed you deputy administration of the SBA. And you took a break from Patricof at the time.*

PC: I did, for three years. Then my mother died. I took a break and I stayed with her at the hospital in San Francisco.

CK: *Is this your mom? [looking at photographs]*

PC: That's my stepmother. Yeah, she's Armenian. And that's my father.

CK: *And then you were on the investment advisory council to ramp up the SBA's SBIC. This is under George H.W. Bush.*

PC: The first Bush, right. But I did this all for free. This is all citizens' work.

CK: *And then in '95, Clinton appointed you to the U.S./Russia Investment Fund Board. In 2000, you retired from Patricof.*

PC: For the second time. I keep retiring.

CK: *You keep retiring. It's a pattern, I think. So why would you leave such a secure position at Patricof to go to the wild East, especially since you had been involved—*

PC: What's this "secure position" stuff?

CK: *Well, you were doing something that you were—*

PC: I've never done anything risk-free.

CK: *Well, you were venturing beyond the borders.*

PC: No, I was asked as a citizen, just like Peace Corps. Now, this may not make a lot of sense to a lot of people. If I wanted to be a sales clerk at Bergdorf, that's one thing. I buy there, but the day-to-day is less interesting to me than venturing.

CK: *So this was a new challenge?*

PC: For the Russia gig? I'm at 57 and Park in my little office. A guy called from the White House and says, "Mr. Clinton is going to meet with Mr. Yeltsin and they want to appoint this board." I said, "Russia? You have got to be kidding. I have never been there, I don't speak the language, and I'm on fifteen boards." And so the guy from the White House said, "They told us that you would quibble." I said, "Quibble doesn't begin to express my feelings." And this is Washington speak: he says, "We have to produce some deliverables." I said, "Deliverables. Okay, you can name me on the board." And Mike Blumenthal, former secretary of the Treasury, was chairman. I said, "You can put me on the board and I will go over, and Mr. Clinton will meet with Mr. Yeltsin and so on and then you dump me the following day, because I don't need this." So I fly over and I'm part of the "deliverables." But I did hire a helicopter. I do this everywhere I go. I hire helicopters. I flew around. While they were busy doing their deliverables, I am visiting a plywood manufacturing plant on the Finnish border and a beer manufacturing plant in southern Russia. Anyway, they were in terrible shape. I said, "This is a challenge. These places are catastrophes." Anyway, so I came back to the U.S. and they didn't dump me, so I continued with my labors in the vineyard.

CK: *So this is 1995. So you continued with—*

PC: All that. So, today, through the present — through September, because I'm just now doing the December figures — we have put \$550 million into fifty-five Russian companies. We have sold fifty-two of them for an internal rate of return, net of fees, of 209 percent. I was working this morning, before you came, on another one, which will be a catastrophe, but anyway — doesn't matter, three left to go. I love my Russian

colleagues. There is no question. The problem with my back and my health is that I just can't do it for much longer. But I wouldn't have missed it for the world.

CK: *So what were the immediate challenges to you personally when you finally moved to Russia in 2003, made a commitment, and were CEO of this fund?*

PC: I have family and homes here and in the Caribbean. In each location I have dear friends, and they all worry about me there, but I also own my apartment there. I have a young Bolshoi ballerina staying at my place. She's the granddaughter of an old friend and partner of mine, Gerry Piel. He published *Scientific American*, of which we owned 25 percent. Gerry is now deceased, and we always talked about science. But his widow called me and said that their granddaughter, Joy, was at the Bolshoi Academy and — as with so many things in Russia, there are problems with drugs — could she stay at my apartment. I've got this huge apartment there, twice the size of this, and I said, "Of course." She just turned seventeen, but she came when she was fourteen. So I have this Bolshoi ballerina. She just did her debut at the Bolshoi three weeks ago, and I gave a huge party for her at something called the Starlight Diner — it's like a hamburger joint in Moscow — for all of her friends and her Bible group. We had such a good time. Anyway, so I do that kind of thing.

CK: *But you're going to another culture and you're trying to do venture capital in another culture. That had to be a challenge.*

PC: No. It's the same thing everywhere. Adjusting to practice. But the goal is the same. You've got investors and you have to get higher-than-average returns on invested capital.

CK: *So how was Russia different? They were just getting involved in more capitalistic enterprises. How was that a challenge?*

PC: You just rule out certain things.

CK: *Such as?*

PC: Oil and gas, anything agricultural, anything that grows or gets pathologies, anything that is strategic for the government of the Russian Federation. Eight or fifty exclusions, and then you focus on growth areas, preferably ones with little corruption.

CK: *So what sectors?*

PC: Three. Consumer products and services; they had eighty years with nothing. The only action in town when I got there, in '94, was IKEA. These people were scarfing up towels, sheets, refrigerators — God knows. They never had them. So IKEA was where the action was. I would go to IKEA every weekend, check it out. So consumer products. Financial services. We started the first mortgage bank in Russia, the first credit card-issuing bank in Russia, and other financial services attending to the consumer stuff. And then I would say technology, without technological risk. See, there's no enforceable intellectual property protection in Russia.

CK: *How did you teach the Russian people to use credit?*

PC: You put up a sign: Get a credit card. They come and say, “What’s a credit card?” And you tell them. You start with the ruble equivalent of ten dollars or fifteen dollars. If they pay it back, it goes up. That’s how. But when we sold the mortgage bank, for example, DeltaCredit, to Société Générale of France, they were the market leader with 40 percent market share of the mortgage market in Russia, with 3,500 mortgages on the books in a nation of 143 million people. Now, the French are smart. They could see the upside.

CK: *How did you get the 3,500 in the first place?*

PC: Oh, well, that’s the key issue. You have to build businesses. Venture capital, to me, is building businesses. The International Finance Corporation was very helpful in this by pointing out defects in the bank’s underlying mortgage processing, financial reporting among other things, in the course of their due diligence for a subordinated loan. The first foreclosure was a little tricky. It happened to be an American citizen. But I called the head of Mayor Luzhkov’s mortgage agency, Dmitry Budakov, who has become a very good friend. He said, “Pat, you should not have to go through this.” I said, “I don’t think we should.” I don’t know what he did, but the problem disappeared.

CK: *Also, did I read somewhere that you had to hire a bodyguard at one time?*

PC: I didn’t. My colleagues did for me.

CK: *What was that situation?*

PC: Oh, that was a different one. These are painful memories. So when I got there I was being pressured by certain members of the staff to sign the sale of a grocery chain in Moscow. The deal, from my standpoint, looked horrible.

CK: *Is this the SPAR?*

PC: Yeah. It was a no-cash deal, all paper in what I thought was a poor company, so I refused to sign it. And then I met this guy. I was skulking down in the coffee shop of the Marriott Aurora Hotel. (I have had protection in the form of great help, frankly, in Russia.) I met this guy and I told him what's going on. I said, "Dmitry, I have had security checks. I have had KGB guys look over the whole bit and it was horrible." My hair was standing on end. I said, "Dmitry, I have an idea. Why don't you buy SPAR?" He said, "How much do you want?" And so I rattled through my brain on the balance sheet and I told him. We haggled for about five minutes. He said, "Okay." Shake. So the following morning I went to the staff meeting and two guys, both ex-pats — they were soon to depart the firm for different reasons — we went through all the deals every Monday morning. I said, "Oh, by the way, I sold SPAR to someone else over the weekend. I'll take over the deal. You two can tell the prospective buyer that you've been talking with for two years that deal is off." That night I'm in the office about 7:00, 7:30, 8:00 o'clock, I get this call and they say, "They're very offended. They want to come and see you." I said, "Fine. I'm here." So they come in, five thugs. So they say, "You shouldn't have done that." I said, "What do you want from me? I'm a businessperson. My one obligation is to my clients, higher-than-average returns on invested capital, and your deal is terrible, so I sold it for more." Anyway, so we went on

and on. And then they stood up and the lead guy said, “This is war. We will get you.” I said, “Whatever. Good night.” My staff calls about midnight and they said, “We think that you need protection.” I said, “From what?” And so the following morning at seven— I was still at the Marriott because I hadn’t bought my apartment yet— One of our bankers, Alexander Grigoriev, had hired these two cute security guards. So I came down, the old bag arrives to two handsome guys. They said, “These are your guys.” I said, “This is wonderful.” (laughter) They carry my bags, stop traffic. I took them to dinner, lunch. They wrote me the most moving letter. It was only a week and then I had to come back to New York. They said they wanted to work for me forever, my two handsome guys.

REFLECTIONS

CK: *You’ve had such a rich history and this story of Russia is so unique. I’d like to hear more about it. We’re out of time, but do we have five minutes for some reflection?*

PC: Sure, go ahead. I’ll be brief. I won’t go into my stories.

CK: *We’re on your time. Just to wrap up Russia for future students of venture capital, what in your experience in working in Russia would be instructive to others trying to do venture capital in developing kinds of economy?*

PC: Well, There is no history of capitalism in most of these places, so you really have to go back to the basics and understand the environment within which you are operating, whether in Russia or in other countries in which I’ve dealt. The tendency is simply to grab hold of assets and steal, and corruption is the norm. So you just have to figure that

out and see — back to what I said before — is there a formula for really doing business, whether it's a chain of grocery stores or, in a mature economy, monoclonal antibodies — which you can't do where there's no intellectual property protection. But I think you have to go back to what is basic formula of the business and who is it you have to deal with and live with for a few years. Is he or she a crook? Big deal.

CK: *Did your Peace Corps work prepare you for any of this that you've been doing since?*

PC: Of course, it was great, but my previous life prepared me for the Peace Corps.

CK: *And now you're involved with Delta Private Equity Partners, which is—*

PC: The management company of the two funds. We're winding down both funds. Of fifty-five companies, we've got three investment positions left to sell out of the two funds that Delta Private Equity managed.

CK: *Chuck Newhall sees venture capital as a romantic quest. Would you agree with him in that? Do you see it in any way as romantic, that there's something romantic in what you've been doing?*

PC: I see it as fundamentally pragmatic, but, yes, I would agree with him. This is very different from private equity business, buying potato chip factories with leverage. There is always a longer-term vision if you have the guts to stay the longer time. So I think that there is that dimension, as long as it is coupled, as I said before, with the analytic dimension. Does the world need this? The world's full of dreamers and a lot of it makes absolutely no sense. I always say: Does the world need this? If the world needs it, then

see if it analytically fits. But then, as Chuck would say, I think you have to harness yourself to that vision, because things will not always go like this.

CK: *So you're on a journey?*

PC: Yeah.

CK: *What do you think has given you your self-confidence?*

PC: My own? I really have no idea.

CK: *You mentioned being a librarian with the corporation. Do you ever think you would've enjoyed doing something else? Have you ever just thought, "I could have —"?*

PC: I'm a good gardener. No. I have loved what I have done. I seem to do it now, as I told you, intuitively. I get deals on Flight 30 or 31. I've had this odd thing happen on airlines because I'm not exactly a young, with-it person. So from Tobago to Atlanta, we had gotten stalled for several hours, so I happened to sit next to Queen Latifah. I didn't know who she was. These kids come up to me, "Can you get her autograph?" So I finally said to her, "Who are you, anyway?" And she says, "Queen Latifah." And she gave me her real name. We had such a good time. I had taken my handyman's children — I give them a trip to the Caribbean every Christmas for a little Christmas treat — so they were in the back row and Delta ran out of food. We were up front. So the steward comes back and he says to me, "Would you like some breakfast?" I said, "Yes, I need four yogurts and five—" Now, I am not fat, so I order all of this stuff and then she, with the same

poker face — now, she's a bulky woman — she orders the same thing. She orders all this stuff. She had a little black bag we were going to put it in and take it back to the kids.

So, anyway, we had such a good time. The kids appreciated that enormously.

But then the next flight I had — it was 31 — from Moscow to New York and it got diverted to Atlanta because of weather, I was next to Flo Rida. Do you know Flo Rida? Nor did I. It's another rapper. So he had all this jewelry on. I said, "What beautiful jewelry." He said, "We don't call it jewelry. We call it bling." Now, in my office here, I have pictures of the presidents because I worked for so many presidents — for free; they never paid me — and in between I have rap stars. (laughter) Isn't that funny?

CK: *You've made a lot of contributions with your work. That's really obvious. What are your personal rewards at the end of the day, for the work you've done?*

PC: I give a lot of money away. I gave \$100,000 to St. Jude's last week. Why am I trustee for life in all these places? It's mainly because I give money. But I agree with this guy from Atlantic Philanthropies — you know Feeney? He just keeps giving it away because he says he only needs ten million. I don't know. Maybe I'll work myself down to that.

What do you need? A couple taxicab rides and this and that.

CK: *So, in addition to being a president of NVCA, in 2004 you were Businessperson of the Year, appointed by the American Chamber of Commerce in Russia; 2006 Technology Top Dealmaker by Forbes; 2007 you were awarded for your outstanding contribution of*

the development of entrepreneurship in Russia and for supporting small business in that country, which certainly says they recognize and have embraced you.

PC: Oh, I got my award from Mr. Putin.

CK: *I'm going to put your other ninety-seven accomplishments on a separate paper. In 2007, the Woodrow Wilson Award for Corporate Citizenship from the Kennan Center of the Wilson Institute for International Scholars. This was for your deep concern for the common good by example, through business practices that advanced the long-term interest of their firms, their employees, and their shareholders. Then, in 2007 also, the Russian Academy of Business granted the [Darren] Award for significant and longstanding contribution to the creation of the new Russian economy. 2008, President Putin decreed that you be awarded the Order of Friendship— That must've been quite an honor.*

PC: Well, it's the highest award that a non-Russian can get. Van Cliburn got the first one when he won the Tchaikovsky competition.

CK: *So that had to have been quite a moment for you in terms of reflecting.*

PC: I've been thinking a lot about Russia. It is a beautiful, beautiful country, where the citizens have to learn to want to be there. See, in Brazil, the Brazilians, whether they're dancing carnival or doing a soccer game or eating, they want to be Brazilian. And in Russia, because of its arduous history, today the young Russians, the minute they can, for the first time in their lives, travel, because before you could not, they zip off to wherever, to Thailand and Goa, Egypt — less Egypt today because of the travails of Egypt. But

Russians are only gradually learning to want to be Russian and to see Siberia as not a gulag place, but a beautiful piece of country, which it is. It's just been very, very interesting to me. I have learned so much. I have so many Russian friends. I have to say, I did fire all the ex-pats, except for me, and promoted all of the fellow Russians or Georgians who were working for me. Yesterday, six of them called with greetings for the New Year. My heart is there. I have a terrible time leaving any country that I work in.

CK: *So you put down your roots wherever you go?*

PC: I do. I put down my roots. I know people, like the Korean lady across the way that sells me my cigarettes, I sent her some Jo Malone cosmetics last night and she burst into tears.

CK: *You've been there for, what, fifteen years or sixteen years doing venture capital. How has it changed? How have you been able to affect a change? What changes have you seen in the country that have affected your work?*

PC: Oh, I think we set the standard. I think we're the best in the business. The U.S. government has made an important contribution to the Russian economy. The Russians have to do the rest.

CK: *I wanted to go back to that issue of boards. You've been on a lot of boards.*

PC: Ninety-two, including advisory and non-profits.

CK: *And sometimes at the same time. How much of your time do you have to devote to being on a board?*

PC: Well, it's forty-two years.

CK: *But in a given year, if you're on ten boards, how much of your working time.*

PC: When I'm back in the saddle again, a lot of time, because that's how you work with the companies. Right now, for example, I'm on the New York Stock Exchange Euronext Board. What's today's date?

CK: *That's since 2009, yeah.*

PC: We've had sixteen meetings this year.

CK: *So is it 4 percent of your time, 50 percent of your time? I'm not talking about today, but while you were —*

PC: Historically? Oh, it would be 60, 65 percent. That's the work of the business, who you're hiring, who you're firing, what is happening. Yesterday, I was five hours on the phone on a board. It takes a lot of time. With the additional legislation, unfortunately, I am always on the compensation committee and I'm always on the audit committee. Today, people just spend longer on meetings. If I have to go into revenue recognition policy one more time on one company, they're history. I can't stand it. I've been into revenue recognition for forty-two years and I need to go through four hours of this? I say to myself, "Put it on mute and count your rubles."

CK: *So when you're not doing venture capital, what do you like to do, if there's any time?*

PC: Oh, no, there is. I had five miscarriages, but I love children, so my property manager, Cindy, has three. I get gifts for the rascals, including educational trusts. And then I have nieces and nephews, because I took over for my nephew when my sister died. I put everyone through college. I put everyone through school. And, by the way, having been a trustee of Rockefeller University and Teachers College at Columbia and Columbia University, I see how important to parents these grants are.

CK: *You started the Committee of 200.*

PC: Yeah, but that's different. I'm taking about educational institutions. C-200 is a wonderful group of women entrepreneurs and corporate executives. We just had our thirtieth anniversary. A great network.

CK: *International House, you say you're a trustee for life?*

PC: I am, yeah. Interestingly, Nand Kempka, who is an Indian who has been doing business with Soviet Union under the Rupee-Ruble Agreement for years and years and years, his sons have now become friends. I keep outliving everybody, God knows.

CK: *You have an expanding family.*

PC: I do. It's everywhere. In fact, last night — I had to talk to a little thirteen-year-old. Oh, I love kids. Anyway, so little Addie, I took her to see "Mamma Mia!" when she was seven and now she's thirteen. She was so little that she couldn't see the stage. It was winter, so I wrapped my fur up so she could sit on it and see over it. "Pat!" she would say out loud, "What is an Oedipus complex?" "Addie, I'll tell you after the show." "Pat! Why does she have three parents?" "Addie, I'll explain this after the show." It got her hooked on

theater, so now she's played in "Bugsy Malone," she played a gangster; and "Annie," starred. She's doing another one. You know how kids— You never know what is going to get traction. And then her young brother, Will — I call him Little Will; I should stop calling him Little Will — I got him tickets two years ago to the Jets for him and his pals. Now he's a Jets fan. So for Christmas he's getting —what's the guy's name? Sanchez, #6. I love the kids. Have I been helpful to you at all?

CK: *You have been most helpful. Do you have just a closing? Do you feel like there's a legacy that you would like to leave because of your work, your lifetime of work that you've done?*

PC: Don't be afraid of risk.

CK: *Great message. I'm sure you've been a mentor. You had many mentors, and I'm sure that there will be many speaking of Pat Cloherty as their mentor.*

PC: Well, let me say this on risk. I find timidity is the foe of progress. That is, in today's world, a big deal. Why can't China and Russia and some other resource-rich places take advantage of mature economies, ours, and mostly in Europe? It's because of that timidity. I don't know. For some reason I find myself — my entire life — a total risk-taker because who cares on the downside? What's to be lost? I consolidated all my money at Goldman-Sachs in '89. And as the years passed — of course, I [my health]started to fall apart and so on and so forth. So they make my asset allocations so conservative, and every year they would call up and say, "Can we come and discuss your asset allocation?" And I knew it was going to be Commonwealth of Puerto Rico Utilities

or something. And I would say, “Too busy. Can’t do it.” And finally — when was the first Internet bust, ’96? Anyway, they were protecting me from myself. So I sent the lady who was doing all these boring things — New York State Dormitory Authority bonds? God. And they knew that if I were left to my own devices, I would do extract of sharks teeth for curing pancreatic tumors, and they were trying to moderate my appetite for risk. They’ve been terrific. (laughter) They know it. I was supposed to meet with them on Monday, but I’ve had surgery in the last few weeks.

CK: *You’ll be glad this year is over with.*

PC: Tell me about yourself just a little before you dash.

CK: *Okay, I will tell you, but let me just wrap this up and thank you, really, from NVCA. I want to thank you from Harvard Business School and always from Chuck, because Chuck was really the heart and soul of this project and got it going.*

PC: Give him my love.

CK: *I will. We really appreciate you participating and sharing your story. It’s going to be enjoyed.*

PC: Tell Chuck how hilarious I really am.

CK: *Okay, I will.*

END OF THE INTERVIEW