

# Finance community trading angels for saints

San Francisco Business Times - February 9, 2007

by [Mark Calvey](#)

Venture capitalists are adding the option of selling to another VC when looking to cash in on an investment.

It's a practice that's gaining acceptance amid an anemic market for initial public offerings that is forcing venture capitalists to be more creative when looking to sell.

San Francisco-based [Saints Capital](#), along with [W Capital Partners](#) of New York, are among the few players acquiring venture capitalists' stakes in portfolio companies.

The firms then continue to work closely with management to build the company and provide additional financing as Saints did in December when it participated in a \$5.4 million round for [Forte Design Systems](#).

The firm's other holdings include stakes in the [Motley Fool](#), Mountain View's [Tellme Networks](#) and Redwood City-based Seven.

Last year, Saints made 112 investments in companies backed by VCs. Of those, 80 represented significant ownership stakes.

The firm made just 44 investments in 2003-2004.

"Our exponential growth in activity signifies substantial validation for the firm's activity as a leader in the direct secondary market," said Kenneth Sawyer, managing director at Saints Capital.

Sawyer believes it will one day be as common for a venture capitalist to sell to another VC as it is for a private equity firm to sell a portfolio company to another private equity player.

The firm's name is a play on angel investors, who are at the earliest stages of a startup's life while Saints comes marching in later.

Sawyer, speaking at his offices in a San Francisco financial district highrise, said the firm didn't set out to break new ground in the venture arena when it was founded in 2000.

But it was apparent the market was turning against venture investing amid the tech-and-telecom bust, so the firm shifted gears.

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