

John Arntz, Director  
Department of Elections  
City and County of San Francisco  
1 Dr. Carlton B. Goodlett Pl.  
City Hall, Room 48  
San Francisco, CA 94102

Dear Director Arntz:

**We write to formally challenge candidate Mark Farrell's proposed ballot designation, which would identify him in the voter information pamphlet and on every ballot as a "small business owner."**

We are small business owners in San Francisco and members of Small Business Forward, an advocacy group that serves to educate small businesses on access to capital, fair taxation, commercial leases, workforce protections and affordable housing. Our member businesses create jobs within local communities, and our revenues are typically reinvested in our communities.

Mr. Farrell's proposed ballot designation strains credulity and offends the sensibilities of any true small business owner in San Francisco. His designation is purposefully designed to mislead voters as to the nature of his position at a venture capital firm Thayer Ventures. And it is clear that Mr. Farrell is attempting to profit off the goodwill that small business owners have rightly earned.

According to California Elections Code Section 13107, a candidate's ballot measure designation must be true, factually accurate, and must not mislead voters. This is a discretionary and subjective standard, and any ambiguity must be resolved in the direction of avoiding any possibility of misleading voters.

**Even as an objective matter, Mr. Farrell's proposed "small business owner" designation is false, factually inaccurate, and purposefully designed to mislead voters.**

According to his LinkedIn profile, Mr. Farrell is the "Managing Director" at Thayer Ventures, an "early-stage technology investment firm focused on the travel and mobility sectors."<sup>1</sup> According to its SEC filings, Thayer also created a "special purpose acquisition company," or "SPAC," a controversial entity which is specially formed to raise hundreds of millions of dollars in capital through an initial public offering with the intent of facilitating mergers and acquisitions.<sup>2</sup>

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<sup>1</sup> <https://www.linkedin.com/in/markfarrellsf/>

<sup>2</sup> <https://www.sec.gov/Archives/edgar/data/1820566/000119312520318243/d93142dex992.htm>  
[Opinion | SPACs were always a shady route to the stock market. No wonder they have gone splat. - The Washington Post](#)

The nature of Thayer Ventures is so far removed from what it means to be a small business in San Francisco, negotiating lease terms, navigating tax liabilities, supporting a local workforce, and serving the residents and visitors of San Francisco. Any of the following facts alone would categorically exclude Thayer Ventures from any rational interpretation of what it means to be a “small business”:

- In 2019 alone, Thayer Ventures raised \$43 million by selling stock in the company.<sup>3</sup>
- In 2020, Thayer Ventures’ SPAC announced the closing of its initial public offering at a \$172.5 million valuation.<sup>4</sup>
- In 2021, Thayer took the company Inspirato public through a merger transaction in which Inspirato was valued at \$1.1 billion and expected to provide \$260 million in net cash proceeds.<sup>5</sup> Three days after the company went public, the company was valued at \$6 billion with Thayer’s investment worth over \$400 million.<sup>6</sup> In that year it went public, when Thayer had a 20% ownership stake, Inspirato earned \$234 million in revenue.<sup>7</sup>
- Thayer’s lead “trophy investment” is Sonder, a short-term corporate rental startup valued at \$1.9 billion at the time it went public.<sup>8</sup> While Thayer Ventures itself purports to have somewhere around 20 employees, Thayer’s lead investment Sonder has 1,700 employees.<sup>9</sup>
- In 2016, Thayer sold portfolio company Hipmunk to Concur for \$58 million.<sup>10</sup>
- In addition to Sonder, Thayer continues to own twenty-eight multi-national portfolio companies and has exited investments in twenty-four more companies including: a hyperloop infrastructure company operating in Italy, Germany and France, a drone company operating in 50 countries, a multi-national chain of boutique hotels, and several multinational search engines.<sup>11</sup>

Thayer Ventures also exceeds statutory revenue thresholds for qualifying as a “small business” in San Francisco. The San Francisco Business and Tax Regulations Code defines a “small business” as having less than \$2 million in annual gross receipts.<sup>12</sup> Thayer may attempt to hide its revenue by moving money around a spreadsheet, but Thayer greatly exceeds that statutory revenue threshold based on the fees it receives, typically 2.5% annually, on its estimated \$200 million in assets under management alone.<sup>13</sup> These fees don’t include the illiquid shares and revenue Thayer derives from its various investments, or the periodic windfall payouts Thayer’s

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<sup>3</sup>[https://www.sec.gov/Archives/edgar/data/1700621/000170062119000002/xslFormDX01/primary\\_doc.xml](https://www.sec.gov/Archives/edgar/data/1700621/000170062119000002/xslFormDX01/primary_doc.xml)

<sup>4</sup> <https://shorttermrentalz.com/news/thayer-ventures-spac-ipo/>

<sup>5</sup>

<https://www.businesswire.com/news/home/20210630005547/en/Inspirato-the-Innovative-Luxury-Travel-Subscription-Brand-to-Be-Publicly-Listed-Through-a-Merger-With-Thayer-Ventures-Acquisition-Corp>.

<sup>6</sup> <https://seekingalpha.com/news/3801532-inspirato-stock-rockets-315-percent>

<sup>7</sup> [XBRL Viewer \(sec.gov\)](https://www.xbrlviewer.com)

<sup>8</sup> <https://skift.com/2021/10/31/sonder-lowers-valuation-to-1-9-billion-as-market-conditions-change-raises-more-money/>

<sup>9</sup> <https://www.macrotrends.net/stocks/charts/SOND/sonder-holdings/number-of-employees>

<sup>10</sup> <https://www.bizjournals.com/sanfrancisco/news/2020/01/15/farewell-hipmunk-the-s-f-online-travel-company.html>

<sup>11</sup> <https://pitchbook.com/profiles/investor/54582-49#overview>

<sup>12</sup> SF Bus. & Tax Regulations Code Sec. 954.1

<sup>13</sup> SEC Form ADV 2024: <https://reports.adviserinfo.sec.gov/reports/ADV/285321/PDF/285321.pdf>

SPAC receives from wildly inflating the valuation of private companies and taking them public via widely-derided “pump and dump” transactions, such as when Thayer was paid in shares worth \$43 million for just one portfolio company exit in 2021<sup>14</sup>

Mr. Farrell’s proposed ballot designation is designed to mislead voters. He has never identified as a “small business owner” until now, when it might serve his electoral ambitions. Even on his own campaign website, [www.markfarrell.com](http://www.markfarrell.com), the “About” section explains: “Prior to his career in public service, Mark was a lawyer, investment banker, and co-founded Thayer Ventures, an investment firm focused on the travel and mobility sectors.” Again, he is referred to as a “lawyer” and “investment banker” but not a “small business owner.”

Mr. Farrell has also not identified as a small business owner when making donations to candidates for elected office. Campaign finance records show that when he was not a member of the Board of Supervisors, Mr. Farrell identified as an “investment banker,” “venture capitalist,” or “investor”:

Date	Filer Name	\$	Employer	Occupation
8/19/2008	Joseph Alioto, Jr. for Supervisor	\$250.00	Thomas Weisel Partners	Investment Banker
5/27/2009	SF Moderates	\$250.00	Thomas Weisel Partners	Investment Banking - Vice President
8/17/2009	Mark Farrell for District 2 Supervisor 2010	\$500.00	Quest Hospitality Ventures	Venture Capitalist
8/17/2009	Mark Farrell for District 2 Supervisor 2010	\$500.00	Quest Hospitality Ventures	Venture Capitalist
6/28/2011	Michela Alioto-Pier for Mayor 2011	\$500.00	City of San Francisco	Supervisor
4/25/2012	Mark Farrell for District 2 Supervisor 2010	\$200.00	City & County of San Francisco	Supervisor
5/23/2012	Mark Farrell for District 2 Supervisor 2010	\$200.00	City & County of San Francisco	Supervisor
6/15/2012	Mark Farrell for District 2 Supervisor 2010	\$9,760.75	City & County of San Francisco	Supervisor
6/17/2012	Alice B. Toklas Lesbian and Gay Democratic Club PAC	\$500.00	City and County of San Francisco	Supervisor
9/21/2012	Rodrigo Santos for San Francisco Community College Board 2012	\$500.00	City and County of San Francisco	Supervisor
5/29/2013	Alice B. Toklas Lesbian and Gay Democratic Club PAC	\$500.00	City and County of San Francisco	Supervisor
7/1/2013	Re-Elect Supervisor Mark Farrell 2014	\$500.00	City & County of San Francisco	Supervisor
3/24/2015	Ed Lee for Mayor 2015	\$500.00	CCSF	SUPERVISOR
3/24/2015	Ed Lee for Mayor 2015	\$500.00	CCSF	SUPERVISOR
3/24/2015	Ed Lee for Mayor 2015	\$500.00	CCSF	SUPERVISOR
3/10/2016	Mary Jung for Democratic County Central Committee 2016	\$100.00	City and County of San Francisco	District Supervisor
3/10/2016	Mary Jung for Democratic County Central Committee 2016	\$100.00	City and County of San Francisco	District Supervisor
2/29/2020	Mary Jung for Democratic County Central Committee 2020	\$500.00	Thayer Ventures	Investor

**If this is somehow insufficient information for the Department of Elections to reject Mr. Farrell’s proposed ballot designation, the Department must put the burden on Mr. Farrell to prove that his designation is true, factually accurate, and won’t risk misleading any San Francisco voters this November.**

The Department is within its rights to subpoena other records to verify the various revenue streams and equity investments held by Thayer Ventures, including SEC and tax forms. The Department should also consult with other City, State and Federal agencies to determine whether Thayer Ventures ever applied for small business relief over the course of the pandemic, and whether it qualified for that relief.

<sup>14</sup> [https://investor.inspirato.com/node/6431/html#toc43744\\_11](https://investor.inspirato.com/node/6431/html#toc43744_11)

Again, Mr. Farrell's proposed ballot designation strains credulity and offends the sensibilities of any true small business owner in San Francisco. Small businesses in our communities do not receive venture capital because they are not seeking the growth targeted by venture capitalists for investment. Small businesses rooted in our San Francisco communities are relied upon to provide linguistically, culturally, and economically accessible goods and services.

The business model of a venture capital company is the exact opposite of a San Francisco small business; it owns stakes in dozens of different companies often operating in many locations and countries, hoping that they each will scale rapidly and monopolize their fields in order to return enormous profits to a handful of wealthy and institutional investors.

It is clear that Mr. Farrell is attempting to profit off the goodwill and sympathy that neighborhood-serving small business owners have rightly earned, particularly over the course of a life-altering pandemic. The Department of Elections should reject Mr. Farrell's proposed designation. Anything else would be an abuse of the Department's discretion, reviewable by a court of law.

Sincerely,

Justin Dolezal  
Co-Owner, Bar Part Time  
Founding Member, Small Business Forward

Kenzie Benesh  
Owner, Yo También Cantina

Belle Bueti  
Owner, Body Philosophy Club

Avi Ehrlich  
Owner, Silver Sprocket

Christin Evans  
Owner, Booksmith and Alembic

Nikki Greene  
Owner, Happy House

Leah Martin  
Owner, No Shop

Nicholas Parker  
Owner, Mercury Cafe

Yolanda Porrata  
Owner, VERA Skin Studio

Diane Ramirez  
Owner, Bangin Hair Salon

Dr. Taylor Reno, DACM, L.Ac  
Owner, Acupuncture Studio

Holly Samuelson  
Owner, Gravel & Gold

Nicole Schwieterman  
Owner, Fleetwood SF

Wendy Williams  
Owner, Day Moon