

SILICON VALLEY'S FAVORITE BAND



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IS DANCING THROUGH THE DOWNTURN



The Chainsmokers have had some flameouts in their VC side hustle. But it's too soon to write off the duo the critics love to hate

It had been one of those weeks for Drew Taggart and Alex Pall, more famously known as the Chainsmokers. On Thursday, the obstreperous dance pop duo played a club on a Greek island. On Friday, they were in London. Saturday, they jetted to Montreal for an afternoon show before racing off to their regular gig at the Wynn Las Vegas. Whatever stage they were on, there was probably also a fair amount of tequila swigging and jumping off the drum set.

Well, maybe not so much of the latter. “I’m doing less jumping,” says Pall, who turned 37 last year.

“He used to do lots of jumping,” says Taggart.

The Chainsmokers occupy a profitable but awkward niche in the music industry. Their songs—the biggest being 2016’s *Closer*, a throbbing anthem about a tryst with an ex in the back seat of an SUV—have been streamed more than 8.8 billion times in the US alone, according to Luminate Data LLC, a music industry data provider. But such success hasn’t necessarily brought the duo respect. As *Billboard* put it last year, Pall and Taggart are “two of the most ridiculed artists in mainstream music.” The *New York Times* has called them “easily loathed.” *Pitchfork* devoted two paragraphs in an early review to mocking the pair for lending their “full-throated support to the tech bro lifestyle” and their use of such Silicon Valley buzzwords as “iterating,” “disrupting” and “return on investment.”

More recently, the Chainsmokers have given their haters something else to hold against them: They’ve become venture capitalists, starting Mantis VC, a firm that raised a total of \$110 million in the boom years of 2020 and 2021 from investors like TPG Inc. co-founder Jim Coulter and billionaire Mark Cuban. Cuban, in fact, can be seen in one of the duo’s TikTok videos, in which Pall rips the T-shirt off Taggart’s back during a performance and hands it to their benefactor to use as a napkin. “I’ve known them for a while,” Cuban said in an email. “Like them.”

In venture capital, as in music, a few hits can cover many misses. That’s good, because as investors, the Chainsmokers haven’t always been chart-toppers. Mantis VC put its money behind some of the same trends that have wreaked havoc on the rest of the venture capital class, which is reeling from the tech downturn and the recent collapse of Silicon Valley Bank.

Take the duo’s crypto investments. Mantis bet on Terraform Labs Pte Ltd., a company that spectacularly imploded last spring, along with its stablecoin, TerraUSD. The collapse was one of the events that triggered the onset of the so-called crypto winter. The company’s co-founder Do Kwon was arrested last month in Montenegro and faces criminal charges in the US and South Korea. He’s denied any wrongdoing. (Mantis no longer mentions Terraform on its website.) The firm also put money into Sky Mavis, the maker of *Axie Infinity*, a crypto-based video game. At its peak in October 2021, Sky Mavis was valued at about \$3 billion. It’s since seen both its user count and the price of its nonfungible tokens crater.

NFTs have been a regular theme in the Chainsmokers’ tech career. In December, Pall and Taggart were accused in a class-action suit along with Madonna, Snoop Dogg, Justin Bieber and other celebrities of publicly hyping up Bored Ape

Yacht Club NFTs without disclosing they were being paid to do so. According to the complaint filed in federal court in Los Angeles, one of the project’s orchestrators, Hollywood talent agent Guy Oseary, used crypto payments startup MoonPay—another Mantis portfolio company—to “obscure how he paid off his celebrity cohorts.” The suit has been held up as illustrative of the need for more regulation in the industry. (MoonPay and the Bored Apes creators have denied the allegations. The Chainsmokers declined to comment as did a spokesperson for Madonna; the others didn’t respond to requests for comment.)

Still, Pall and Taggart remain optimistic about crypto, saying through a spokesman that they hope the crash “rids the space of bad actors.” They add that web3 bets make up a small percentage of the firm’s overall portfolio, which also includes investments in fintech, gaming and other sectors that one might expect would attract two newbie millennial VCs.

And despite its companies’ various scandals, it’s far too early to declare the Chainsmokers’ foray into VC a failure. Mantis has regularly joined industry stalwarts such as Coatue Management and Sequoia Capital in funding deals. It backed Coinbase Global Inc. before the crypto exchange’s successful public listing. And it’s invested in at least nine artificial intelligence companies, currently the tech industry’s hottest sector. Its portfolio includes one of Silicon Valley’s most sought-after startups, Stability AI Ltd., which popularized viral image generator Stable Diffusion. After achieving what’s known in the business as “unicorn status” last October in a funding round valuing the company at \$1 billion, Stability AI is in talks to raise another round that would quadruple that figure.

With a combination of surprising canniness and sheer survivorship, the Chainsmokers may yet ride out the tech downturn, just as they’ve ridden out the vicissitudes of the music industry. The Chainsmokers are not just a band with a business side hustle. They’ve managed their entire career with a kind of slide deck-ready gift for identifying how to achieve song-by-song market saturation in the streaming age. So far, they’ve lasted longer than many of their critics expected—and perhaps hoped. Last year, when the duo released its most recent album, *So Far So Good*, ads on New York taxis proclaimed, “Sorry, the Chainsmokers are back.”

Pall and Taggart first met in New York in 2012 and bonded over their shared love of Scottish DJ Calvin Harris and specific brands of beer. They seemed like archetypal one-hit wonders in 2014 when they released a song on SoundCloud, *#Selfie*, that became a surprising smash. It’s as inane as the title suggests, with a fingers-on-the-blackboard synth hook and lyrics concerning the quest of vacuous clubgoers to craft social media posts. It was a novelty tune that didn’t reward repeated listens. The Chainsmokers have since disavowed the song, but it got them on *American Idol* and put them on the map.

The Chainsmokers followed *#Selfie* with a string of hits, starting the following year with *Roses*, which reached the top ranks of *Billboard*’s singles chart, and *Something Just Like* ▶

◀ *This*, which they released in 2017 in collaboration with Coldplay. Rather than putting out albums that might spawn hit singles, the duo churned out tunes on almost a monthly basis, rolling them up into compilations later. The idea was to achieve a constant presence on steaming services like Spotify. If you were a Chainsmokers fan, this was awesome. If not, too bad.

A surprising number of high-profile tech leaders dwell in the former camp. The Chainsmokers befriended the

a gray T-shirt and gray slacks. Both sported beards and arm tattoos. Pall recalled the early conversations with some of their friends in the highest echelons of the tech industry. “They were like, ‘You know, you guys are founders, too, and you built an amazing company,’” he said. “‘There’s a lot of value in that that you can provide.’” The Chainsmokers, shall we say, leaned in. They became angel investors in 2016, backing about 25 startups using their own money, the first being Ember Technologies Inc., which had come up with a self-heating coffee mug.

Their efforts caught the attention of Jeffrey Evans, an entrepreneur who’d started a record label and an artist management company, among other things, and Milan Koch, a blockchain specialist. Evans and Koch were already looking to link up with an influencer to form a venture firm. It was 2019, a bumper year for celebrity investing, but Evans and Koch didn’t want just people with immense digital clout. They wanted people who would have gotten into venture anyway. That “eliminated 99.9% of the influencers in the world,” Evans says.

The Chainsmokers were the 0.1%. They were already talking about setting up a firm. It was Taggart’s idea; he’d started an investing club as a high school student in Maine. The hitmakers decided to go in with Evans and Koch. “We just really clicked with them,” Taggart says.

Taggart and Pall announced the impending launch of Mantis in early 2020. Pall was so stoked he bought some suits so he’d look professional in investor meetings. Because of the pandemic, though, he never wore them. In retrospect, he muses, showing up as half of a tequila-chugging electro-pop band in conventional business attire could have been off brand. “It probably would have been weird,” Pall concedes. “Seriously,” Taggart says. “I wouldn’t have worn a suit.”

As Covid-19 unfolded, Coulter, the TPG co-founder, told Pall and Taggart to “pump the brakes” and wait to see where the world was headed. “We were like, ‘Well, that sucks,’” Pall recalls. But political leaders responded to the health crisis by pumping stimulus dollars into their dangerously beleaguered economies, global investors enthusiastically reopened their wallets, and Mantis soon had \$35 million to play with.

Becalmed in Los Angeles because of lockdowns, Pall and Taggart spent their days on Zoom with founders of companies in which they might take stakes. At times they had to Google acronyms that the participants were



Pall and Taggart

likes of Drew Houston, Dropbox Inc.’s chief executive officer, and Michael Seibel, a Y Combinator Inc. managing director, who urged them to chase their venture capitalist dreams. “Guys like this kind of encouraged us,” Pall said in an interview at the pair’s Hollywood Hills headquarters on a Tuesday afternoon in late July. The place isn’t the whiskey bottle-strewn man cave you might expect, given their reputation as prodigious partyers. It’s clean and sunlit—or, as Pall puts it, “vibey and nice”—with a drum set and piano nearby in case the Chainsmokers are inspired to record something.

That afternoon, Pall, chatty and irreverent, wore an orange tennis shirt and olive sweatpants. Taggart, who’s five years younger and more earnest, was clad in

slinging, such as TAM, shorthand for the B-school idea of “total addressable market.” They quickly figured it out. Consider how the term applies to one of their investments, a startup called Earth Funeral Group Inc.: “100% TAM,” Taggart said last year on an episode of *Bankless*, a crypto podcast.

“Yeah, everybody dies,” Pall said.

Music became something they did after hours. At night the Chainsmokers retreated to the studio to work on what would be their fourth album, *So Far So Good*. Their investing day job “probably helped us keep our sanity,” Taggart says. “I can’t imagine if all we were doing was music during the pandemic. I overthink all of our music anyway.”

As the pandemic slackened and concert halls reopened, the Chainsmokers returned to their if-it’s-Tuesday-this-must-be-Dubai lifestyle. In January the

“THEY’RE REALLY STAYING IN THE CONVERSATION, POSSIBLY AGAINST OUR WILL”

gossip site TMZ published a photo of Taggart holding hands with Selena Gomez, in a post proclaiming “Big Love in the Big Apple!!!” However, Pall and Taggart are still available to the founders of Mantis portfolio companies. Daniel Hanover, co-founder of Dandy, a dental technology startup, says they’ve hopped on the phone with candidates he wanted to hire and gotten them to come aboard. “This has happened probably half a dozen or a dozen times,” he says.

Vinit Bharara, co-founder of Mojo, a startup that aspires to be a “sports stock market,” enabling users to invest in professional athletes based on their performance, says he regularly pings the Chainsmokers for consultations. “We’re talking about doing live events,” Bharara says. “Obviously, they understand that really well.”

Zhuoxun Yin, co-founder of Magic Eden, an NFT marketplace valued at \$1.6 billion in June, says he’s had similarly fruitful chats with the Chainsmokers, and not just virtually. “When we were in New York for NFT.NYC, I met them at Alex’s place,” Yin says on a conference call over Zoom.

“I didn’t know you were at Alex’s place,” the company’s director of marketing responds. “I’m, like, low-key jealous.”

Whether or not Mantis outlasts the tech downturn—the firm declines to comment on whether it plans to raise a third fund—it’s helpful for the

Chainsmokers to have a second act. *Pitchfork* called *So Far So Good* “easily their most enjoyable front-to-back listen” and bestowed it with a 6.1 rating (out of 10), the highest ever for a Chainsmokers album. The record has the yet to yield a hit of the magnitude of *Closer*, or even of *#Selfie*, and the pair’s attempt to use its release last May to capitalize on the NFT craze has had mixed results. At the time, Pall and Taggart gave away 5,000 NFTs to fans entitling holders collectively to 1% of the record’s streaming royalties, deals on merchandise and a chance to rub shoulders with the two stars. Adam Alpert, the pair’s manager, last year said that “if you’re hearing that Alex and Drew went to a bar in New York with 10 token holders, that might make the value of the token go up, you know?”

Or not. The average sale price of these NFTs on Royal, a digital music startup and NFT marketplace,

rose to \$386 last June before falling to \$49 in early April. Yet as far as the Chainsmokers are concerned, the NFT drop has gone just fine. They recently met up with holders of five or more tokens in Minneapolis. “The fans were so appreciative,” they said through their spokesman. (The Chainsmokers, it’s worth noting, are entitled to a 7.5% cut of secondary sales of the tokens, but they plan to donate that money to the album’s songwriters, whose profession they say is underpaid in the music business.)

Whether or not they make—or lose—a lot of money, side hustles like venture capital and NFT drops have kept fans and haters talking about Pall and Taggart. “They’re really staying in the conversation, possibly against our will,” says Anna Gaca, a senior editor at *Pitchfork*.

The Chainsmokers were once again the center of attention last summer, when they signed on to play a gig in space next year. Or, as the Associated Press explained when it broke the story, performing in a “pressured capsule tethered to a stratospheric balloon...some 20 miles above the Earth.”

“My girlfriend’s not going to believe me when I tell her,” Pall says.

Taggart reminds him that they have a gig the next day at a casino. “We’re going to have to come down really quickly,” he says. “Hopefully, we can land it in Vegas.” **E** —With Hannah Miller