

### JOHN PLETZ ON TECHNOLOGY

# Pritzkers, Yagan back new crypto VC fund

A sign that Chicago is about to become a bigger player in crypto and Web3: A new venture fund gets backing from some well-known investors. "We're about to see tech and finance converge."

BY JOHN PLETZ

Chicago has a new venture fund focused on blockchain and Web3 investments, and it's backed by some well-known investors.

Decasonic has raised a \$48.8 million fund that will focus on blockchain, digital assets such as NFTs, as well as meta-verse deals. It's led by Paul Hsu, a venture capitalist who was an early employee at gaming company Zynga. Investors in the fund include the Pritzker Organization, Sam Yagan's Corazon Capital and Drive Capital, one of the largest venture-capital funds in the Midwest.

It signals that Chicago is about to become a bigger player in crypto and Web3, which is one of the hottest areas of tech. The amount of venture funding in crypto quadrupled last year, according to PitchBook. Investors are betting that alternative currencies and digital commerce are about to collide with virtual reality and go mainstream.

The number of deals in Chicago has started to pick up. Zero Hash, whose software allows companies to accept cryptocurrencies and deal with digital assets such as NFTs, recently raised \$105 million. Blockfills, a digital-asset trading

company, raised \$37 million last week.

Hsu says the fund has done about a dozen investments. Among his Chicago-area deals are HXRO, a crypto-trading company. "Chicago is the best-kept secret in tech," says Hsu, who moved here in 2018. "We're about to see tech and finance converge. Chicago is a crossroads for a lot of that tech and finance innovation."

Few Chicago venture funds have focused on crypto investments. Among the most active early investors have been Jump Capital and DRW Venture Capital, the venture arms of trading firms Jump Trading and DRW.

He says Decasonic will look to invest alongside backers such as Corazon Capital, Drive Capital and the Pritzker Organization.

Hsu got his start in venture capital before joining Zynga, the San Francisco-based maker of the popular FarmVille game. He began making cryptocurrency investments in 2013. "FarmVille cash works on a virtual farm; Bitcoin works on the open internet," he says. The idea of the metaverse, or virtual worlds, fueled by very real money is just the next step.



Paul Hsu

Decasonic is the second significant investment in a local investment fund by the Pritzker Organization, led by Hyatt Chairman Tom Pritzker. The group also was part of the \$92 million consumer-focused fund raised by Listen Ventures.

"We think Paul is an outlier. Those are people we want to be around," says Jason Pritzker, a principal at the firm and Tom Pritzker's son. "We don't know where crypto and block is going in the future. We don't think it's going away. We wanted some exposure to it."