The endowment fund of Duke University, the alma mater of Coinbase co-founder Fred Ehrsam, was one of the fortunate few to have made an early investment in the soon-to-list cryptocurrency exchange, CoinDesk has learned.

Two people familiar with the matter said the $3.9 billion Duke Endowment was included early on in the cap table of Coinbase, which is expected to command a price tag of around $100 billion when its shares debut on Nasdaq. Those shares are now worth a small fortune, on the order of nine figures, the sources said.

“The Duke University endowment has direct Coinbase exposure because Fred [Ehrsam] approached Duke for one of the early rounds,” said a source who was part of the venture capital community at that time. “They probably 100x’d their money, after dilution. So even if they only put in $5 million, they just made $500 million, which is a lot for an endowment.”

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Coinbase declined to comment. Duke Endowment did not immediately return requests for comment.

The VC veteran said it was most likely the 2015 Series C round in which Duke participated. CoinDesk was unable to confirm the exact size of the investment.
University endowments have long been seen as a leading indicator of the institutional stampede into crypto investing. While the Duke investment was at a remove from the assets themselves, the bet on what has become a key piece of market infrastructure appears to have paid off handsomely.

Coinbase cap table

In 2015, Coinbase raised $75 million as part of a Series C funding round backed by the New York Stock Exchange (NYSE), USAA, Spanish bank BBVA and Japanese telco DoCoMo. The exchange’s 2017 Series D round raised $100 million from Institutional Venture Partners (IVP), Battery Ventures, Draper Associates, Greylock Partners, Section 32 and Spark Capital.

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“By virtue of having been successful in crypto, these early investors are now believers,” the VC source, who was not authorized to speak about the investment on the record, told CoinDesk. “It’s like, ‘Hey, this thing actually worked.’ And so I suspect a lot of that money gets recycled back into crypto.”

Indeed, Duke’s approach may even be on the cautious side. In January, CoinDesk reported Ivy League colleges including Harvard and Yale had been buying cryptocurrency directly from Coinbase over the past year, prior to the current bull run.
In the case of North Carolina-based Duke, crypto and blockchain have been in the blood of the college for quite some time. Campbell Harvey, a finance professor at Duke’s Fuqua School of Business, teaches a course that now covers decentralized finance (DeFi).

Professor Harvey said Ehram was a recent speaker in his course; the star alumnus first came in and talked about Coinbase the first year Harvey ran the course back in 2014.

Harvey said he could not talk about the Duke endowment specifically, but said he has been a longtime advocate of investing in early-stage startups for university endowments.

“University endowments often have a very long time horizon, so it’s not unusual to have a greater than average exposure to early stage ventures,” said Harvey. “They are looking for that 100x.”

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