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## Ex-New Yorker's philanthropic VC does good by doing well

By [Ira Moskowitz](#)

Let's say you are twenty-something, just starting your career, still paying off your student loans and saving for your first home. You are certainly not in a position to contribute much to philanthropic causes. But what if someone were to say to you: "Don't give us anything now, just promise that when you make your first million shekels, you'll donate NIS 5,000-10,000 to our charitable activities."

This, in a nutshell, is the idea behind Tmura - The Israeli Public Service Venture Fund. Founded by Yadin Kaufmann in 2002, Tmura primarily targets startup companies, hoping to leverage their future success to benefit educational and youth-related organizations in Israel.

"I wanted to get the high-tech and venture communities here involved in philanthropy in some kind of organized way," explains Kaufmann, who moved to Israel about 20 years ago. Some 67 Israeli companies have signed onto Tmura, and a number of legal, accounting and other firms are providing pro bono services to allow Tmura to operate with only one paid employee.

For Kaufmann, the road to Israel began in New York, where he attended Jewish private schools (Solomon Schechter and Ramaz). He spent summers with his grandparents in Rehovot and studied one semester at Hebrew University in Jerusalem.

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He arrived in Israel with a bachelor's degree from Princeton and both a master's and J.D. from Harvard. While at Harvard Law School, he met Supreme Court Justice Aharon Barak, who invited Kaufmann to clerk for him. "Having an opportunity to work with him and getting to know him was incredible," Kaufmann says.

He completed the second year of his law clerkship at one of Israel's premier law firms - Herzog Fox & Neeman. He was admitted to the Israeli bar (in addition to his New York bar certification), but was not sure he wanted to work in a law firm.

Venture capital was a new field in Israel when he joined Athena Venture Partners in 1987. Several years later, Kaufmann co-founded Veritas Venture Partners (with Gideon Tolkowsky), which has remained the focus of his career. Veritas has always targeted "very early-stage (seed) companies, starting up in Israel or based on Israeli know-how," and this suits his entrepreneurial inclination.

By the end of the 1990s, a flourishing venture capital industry had developed in Israel and Kaufmann began to think about how to harness some of the wealth being created in the high-tech sector for the community at large. While exploring several different models, he learned of a new philanthropic endeavor in the U.S., the Entrepreneurs Foundation, which tapped local high-tech communities. Kaufmann imported this model to establish Tmura, the only non-American affiliate of the Entrepreneurs Foundation.

In the U.S., the foundation not only solicits donations of equity but also runs its own "community involvement" programs. Kaufmann decided not to import the second part of the model and to support existing nonprofit activities instead. "I thought that our real contribution and unique value added could be to develop a new vehicle for getting companies to donate options, and thereby enlarge the philanthropic pie here," he explains.

Still, some questioned the timing of the initiative. "When we started Tmura, high-tech was in a deep slump and no one was thinking of exits then," Kaufman recalls. "But taking a long-term view and having been in the industry a long time, I knew this business would come back and that it was exactly the time when it

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made sense to get options."

Kaufmann attributes Tmura's success to the enthusiastic support of his colleagues in the venture capital and high-tech industries, and the diligent efforts of its lone employee, executive director Baruch Lipner (himself a North American oleh). Since its establishment in 2002, Tmura has cashed in some NIS 2.5 million in options and allocated funds to 12 Israeli non-profit organizations, including educational enrichment initiatives, neighborhood drop-in centers and a rape crisis outreach program.

Tmura realized part of this money when five private companies in its portfolio were acquired: MagniFire, Phonetic Systems, Native Networks, Modem-Art and, most recently, Cyota. The lion's share of Tmura's cash derives from exercising options donated by two publicly traded companies, Orckit and M-Systems, whose value has soared since contributing options to Tmura.

Kaufmann believes that Tmura's performance has validated its basic premise: "A tiny bit of equity donated by a company can end up being a very significant grant to worthy causes in Israel."

And he is optimistic about the future: "When we started, we talked about the potential to donate \$5 million in five years and that sounded like an outrageous projection, but with some continued success, I believe we can get there."



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