

/// Market Impact in an Evolving World

By Donna Kline — www.DLKIndustries.com

Donna Kline *Now!*



/// Donna Kline is a reporter for *Pittsburgh Business Report* and a former reporter for *Bloomberg New York*.

LEADER V. FACEBOOK PRESS BACKGROUND

1. Brief Summary (PDF)
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4. Instagram-scam

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/// Facebook forces reexam order of Leader's patent through USPTO Director's office in

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/// Instagram-scam?

Facebook and its pre-IPO \$1 billion Instagram acquisition is similar in size to the [Ponzi schemes](#) of [Bernie Madoff](#). A quick review of the Instagram deal raises serious questions about the "independence" of the Facebook Board of Directors and their level of commitment to the [Business Judgement Rule's](#) "disinterestedness" requirement for an ethically run board. It also raises concerns about their integrity and fair dealing; including parties with whom they have been judged to have infringed (Leader Technologies). Facebook S-1, p. 99, paragraph 3 ("each of these directors is 'independent'").



Fig. 1 – Patent infringement, inequitable conduct, material nondisclosure, breach of fiduciary duty, related party transactions and duties to former clients are just a few of the serious questions raised by the \$1 billion Instagram deal that cashes out Facebook insiders with borrowed money before an IPO.

1. Andreessen & Thiel fingerprints are all over both sides of the Instagram transaction?

Yes, this is the very same Marc Andreessen whose social networking patents, (filed by Fenwick & West, Leader Technologies' former attorney and Facebook's current attorney), disclosed Leader's U.S. Patent No. 7,139,761 as a "prior art" reference. However, Fenwick did not disclose it in subsequent patents filed by Facebook—thus raising the very real specter of "inequitable conduct" which could invalidate many of Facebook's patents. See previous posts [here](#) and [here](#).

2. Company directors are duty-bound to avoid conflicts of interest

According to [Facebook's S-1](#), Marc Andreessen and Peter Thiel are directors and comprise 2/3rds of the Audit Committee. So why are their fingerprints all

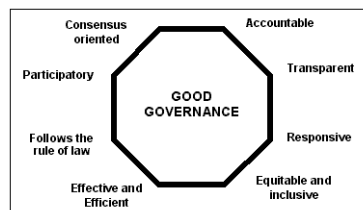


Fig. 2 - Principles of good governance: (1) Accountable, (2) Transparent, (3) Responsive, (4) Equitable, (5) Effective and Efficient, (6) Follows the rule of law, (7) Participatory, and (8) Consensus oriented. Is Facebook any of these? Source: ESCAP.



over the Instagram side of this transaction? As both men are members of the Audit Committee, and Andreessen is

wake of Instagram controversy
 /// Instagram-scam?
 /// Facebook's Orwellian (black-is-white) definition of "clear and convincing" evidence
 /// Facebook countersues Yahoo with bogus patents? Confirms reckless mindset.
 /// Facebook "Liked" Leader's source code ... before it didn't
 /// Proof Fenwick & West LLP did not disclose Leader as prior art to Facebook
 /// MF Global + JP Morgan + Goldman Sachs + Harvard Grads + Politics = A big mess
 /// What Facebook, Accel Partners, Goldman Sachs and Fenwick & West don't want us "muppets" to know
 /// Make up your mind, Fenwick & West LLP
 /// Muppet Mania
 /// Haughtiness in the face of "literal infringement"
 /// Facebook ordered pharma users to allow comments, yet will not return phone calls now
 /// First thoughts after leaving courthouse March 5, 2012
 /// Judges Selected
 /// San Francisco CBS-TV KPIX Coverage
 /// NBC-TV4 (Columbus) Interview with Leader founder Michael McKibben

with as much sarcasm as he just leveled at Goldman Sachs six weeks ago?

1. Duties to Former Clients? Fenwick & West was the attorney for Leader Technologies in 2002—the pivotal period that Facebook contested in Leader's patent infringement lawsuit *Leader v. Facebook*, 08-cv-862 (D.Del 2008). They sought no conflicts waiver.

2. Inequitable Conduct? Fenwick & West listed Leader Technologies' US Pat. No. 7,139,761 as related-technology "prior art" references on two Marc Andreessen social networking US Pat. Nos. 7,756,945 and 7,603,352, yet never disclosed Leader's patent in any Facebook filings.

3. Material Nondisclosure? Fenwick & West makes no mention in the S-1 of the *Leader v. Facebook* lawsuit that was just heard on March 5, 2012 in Washington D.C. at the Federal Circuit Court of Appeals—the second highest court in the land. The result of this case could result in billions of dollars in damages paid to Leader, and even an injunction (shut down Facebook?). Fenwick evidently does not consider such risks as material.

4. Breach of Fiduciary Duty? Ironically, Fenwick & West were the attorneys responsible for the Facebook purchase of Instagram. No wonder the deal took only **54 hours** to complete over a holiday weekend! There weren't any members of the deal who *didn't* have a vested interest in making it happen! Since Facebook has been judged to be "literally infringing" 11 of 11 Leader patent claims, and in my opinion, argued a pretty flimsy case on appeal; shouldn't Fenwick now reconsider their fiduciary responsibility to properly handle funds that may ultimately belong to their former client, Leader Technologies?

5. Related Party Transaction? Fenwick & West attorney, Greg Roussel, was quoted in a *Bloomberg Businessweek* article talking about the ease of operation in the Facebook-Instagram deal.

Fig. 3 – Even our children know that school sports referees cannot make bets on games they call. Why not the adults involved in Facebook? Oh yes, the M-O-N-E-Y. Source: *Donna Kline Now!*

"recuse" himself, or in other words, step away and not be involved in that decision. Did Thiel and Andreessen and James Breyer do that with the Instagram transaction? Did the replacement committee ask the tough questions about valuation and advisability of the transaction? Hm. Doubtful.

3. Facebook is a "Controlled Company" ... or not?

The S-1 on page 99 says that Facebook is a "Controlled Company" where Mark Zuckerberg makes all the decisions and where "we are not required to have a majority of our board of directors be independent." However, in the next section titled "Board Committees" the S-1 describes normal and customary organization of board committees, namely audit, compensation and

and Andreessen is a member of the Governance Committee, their responsibilities include:

- "reviewing related party transactions"
- "reviewing proposed waivers of the code of conduct"

—Facebook S-1, p.100.

WHAT?!?!
 "Related party transaction" means the party stands to benefit on the other side of a transaction. For example, you own stock in Company A that is looking to get a contract/deal from Company B. However, you are also involved in the hiring decisions at Company B. Often in such situations the person would

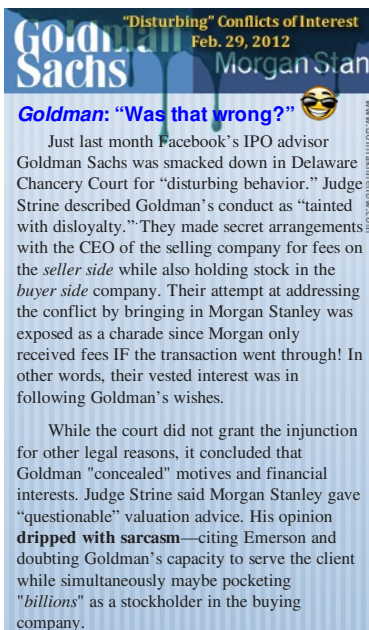


Fig. 4 – *In re El Paso Corporation Shareholder Litigation*, C.A. No. 6949-CS, Del. Ch. Feb. 29, 2012). Source: *Donna Kline Now!*

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 /// Did Someone Prod the Media?
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 /// More on FB’s S-1 omissions & other conflicts of interest
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governance. Notably, in the prior section titled “Director Independence” Facebook describes their board of directors as “independent.”

Which is it? “Not required to be independent” or “independent.” The S-1 says both. Hmmm.

The S-1 says that “Mr. Zuckerberg will be able to effectively control all matters submitted to the stockholders for a vote, as well as the overall management and direction of the company.” Of course no-experience Mark Zuckerberg is directing these deals and acquisitions himself. **N-O-T.**

4. Andreessen and Thiel are 2 of the 3 votes on Facebook’s Audit Committee!

Good corporate governance requires that Andreessen and Thiel (being a majority of the 3-person Audit Committee) should have recused themselves from this transaction completely. They used *borrowed* money to make this purchase, so presumably Facebook had fiduciary requirements in the spending decisions. If they did, do they owe the public a duty of disclosure to reveal the decision-making process and valuation models on which this transaction was based?

5. Here’s what happened in the Instagram deal. It would make Harry Houdini proud.

Step 1. Facebook takes down a **\$3 billion line of credit** in March 2012.

Step 2. A month later Facebook acquires **Instagram**; a company with no revenue and no patents for \$1 billion; presumably with the approval of directors **Marc Andreessen, Peter Thiel, James Breyer (Accel Partners)** and **Mark Zuckerberg**. Are these directors striving to show their commitment to transparent corporate governance for a public company? Or, are they attempting to sneak another large transaction by the SEC and the public before the IPO—that way, there are fewer disclosures for the muppets to gnaw on? What do you think? Meep. Meep.

Step 3. The Instagram beneficiaries include Andreessen & Thiel—multiple times!!!

- **Marc Andreessen**, investor in Instagram
- **Benchmark Capital**, investor in Instagram; **Marc Andreessen & Matt Cohler**, principals
- **Sequoia Capital**, investor in Instagram; investor in **Peter Thiel** deals, incl. **PayPal, LinkedIn**

Step 4. **The Matt Cohler Outlier.** Matt Cohler, who is at Instagram of late, is **tangled in a web of conflicting relationships** with practically all the players on both sides of this transaction including Mark Zuckerberg, Peter Thiel (former Facebook bud), Marc Andreessen (current partner, former Facebook bud), Reid Hoffman (former Facebook bud), Benchmark Capital (a current partner), Sequoia Capital (bud of buds), Facebook (former VP), Dustin Moskowitz (former Facebook bud), Adam D’Angelo (former Facebook bud), PayPal (Peter Thiel’s & Reid Hoffman’s former company) and LinkedIn (“right-hand man” to Reid Hoffman).

- **LinkedIn**, former **Peter Thiel, Reid Hoffman** employee; Facebook investors
- **Facebook**, former VP, Zuckerberg employee,; spurned **Mark Zuckerberg** confidante
- **Benchmark Capital**, Instagram investor; **Marc Andreessen**, partner

Steve Williams on ///

Facebook forces reexam order of Leader's patent through USPTO Director's office in wake of Instagram controversy

Darren on ///

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Instagram-scam? Five things you need to know about Facebook-Instagram

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Facebook's

Orwellian (black-is-

6. Goldman Sachs smacked down on Feb. 29, 2012 by Judge Strine for *dumbfounding* conflicts of interest also involving \$ billions in Goldman who advised the buyer and the seller and had holdings in the target. Goldman has major holdings in Facebook, is leading the IPO with JP Morgan (also fingered by the judge), collaborates with Fenwick & West.



Fig. 5 – Francis Pileggi and Kevin Brady of Eckert Seamans discuss a recent decision by the Delaware Court of Chancery in *In Re El Paso Corporation Shareholder Litigation*, which they wrote about in depth on the [Delaware Corporate and Commercial Litigation Blog](#).

Francis Pileggi describes the conflicts of interest that existed in the case, including several on the part of Goldman Sachs, which served as financial adviser to both parties, and the court's decision to deny the injunction and allow the El Paso shareholders to determine the adequacy of the price offered by Kinder Morgan despite the existence of those conflicts. Source: *YouTube*

7. Did Andreessen (on the Governance Committee) waive the "code of conduct" for himself and Peter Thiel on the Audit Committee?

Hm. Let's think about how this (hypothetical) conversation transpired.

From the Desk of Marc Andreessen

Instagram Due Diligence

Andreessen: "Marc, would you be interested in buying your own company, Instagram?"

Andreessen: "How could I do that?"

Andreessen: "How about you borrow money from an outside source for the transaction?"

Andreessen: "Good idea!"

Andreessen: "Then, when the cash is raised from the IPO, you could pay off the loan."

Andreessen: "Even better idea, Marc—that way the muppet public investor would be the ones to finance the operation!"

Andreessen: "Right. Now how do we get this by the Audit Committee?"

Andreessen: "Hello? You are *on* the Committee. Peter Thiel is on the Committee, too, and a bunch of his close friends are invested in Instagram. Why would he mind?"

Andreessen: "How about the Governance Committee?"

Andreessen: "Ding Dong. *You* are on the Governance Committee."

white) definition of “clear and convincing” evidence

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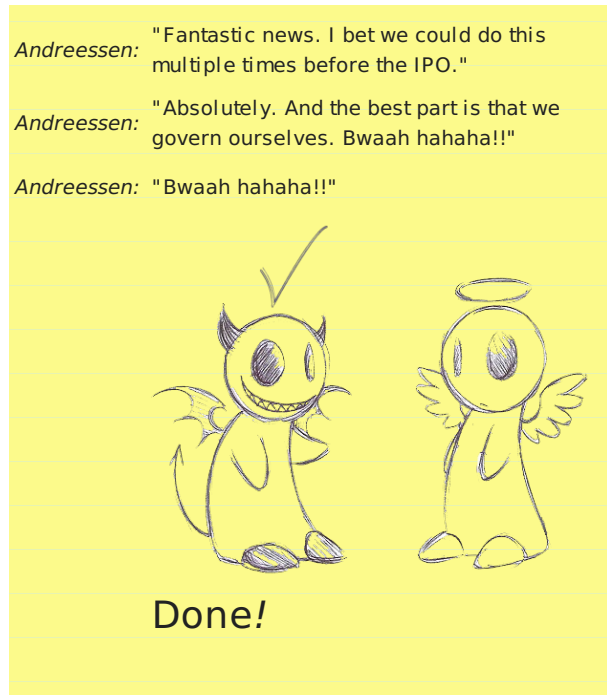


Table 1 – Marc Andreessen’s hypothetical due diligence conversation with himself for the \$1 billion Instagram deal. Drawing: EduBlogs.

Apparently. Meep, meep.



Fig. 6 - Marc Andreessen (L to R) participated on both the buy-side and sell-side of the \$1 billion Facebook-Instagram deal. Andreessen’s earlier social networking patents disclosed Leader’s patent to the Patent Office, but Facebook’s later ones did not. Is Andreessen hiding ‘guilty knowledge’ and attempting to use \$3 billion in borrowed money to cash in on his patent failures and disclosure indiscretions by getting his money out BEFORE the public offering—leaving the muppets to clean up their mess? What does Matt Cohler know about this? Photo: Charlie Rose.

8. Hush money? IPO stock purchase money? Ponzi scheme? All of the above?

Instagram’s Matt Cohler had a falling out with Zuckerberg in 2008 after being with him from at least May 2004 (after the infringement of Leader Technologies’ patent had already begun). He was there when Stephen Dawson Haggarty was hired to implement the “groups functionality” that propelled Facebook’s popularity (the same month Leader’s patent first published at the USPTO describing the groups invention) ([Click here](#) for more on this). I blog about this [here](#) and [here](#).

What does Cohler know that the Zuck does not want to be revealed about those formative years? Does he have information that would help Leader Technologies prove willful infringement (which could triple the patent

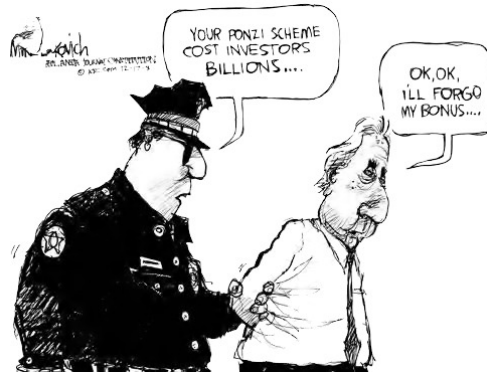
infringement damages award)? Oh, I forgot. This is not a material risk either. Meep, meep.

9. \$1 billion price tag hiding big secrets?

Auditors and analysts should ask Mark Cohler if he is hiding what would otherwise be a material disclosure. They should ask him if he believes the \$1 billion valuation was justified, and if so, what model was used? For Facebook to pay \$1 billion for a company with no revenue, no patents, and a short operating history can only mean one thing: the players are hoping to keep us muppets in the dark about what is really going on. As I wrote in my previous post, this is nothing short of arrogant recklessness.

Being forewarned is forearmed. **R-U-N.**

Meep, meep.



*Ponzi Schemes make brokers rich on commissions.
Source: Atlanta Journal Constitution.*



"We've discussed honesty as a policy, but, so far, it hasn't gained any momentum."

Board Meeting for Facebook, Goldman Sachs, Morgan Stanley? Partner Meeting for Fenwick & West, Cooley Godward, Accel Partners? All of the above? Source: Boston Catholic Insider.



I lost my other shirt in a Ponzi Scheme. Source: Wall Street Law

Credits

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Apr. 14, 2012.

* * *

Posted by [Donna Kline](#) on Saturday, April 14, 2012, at 11:21 pm.


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Comments

1. **Christy Crenshaw** | April 15, 2012 at  1:44 pm | [Permalink](#)


Donna, just when I thought the revelations were subsiding, another ethical tsunami. H-E-L-L-O SEC. Use your big stick.
2. **Darren** | April 15, 2012 at 3:07 pm |  [Permalink](#)

We have just learned what SEC means, "Sudden Economic Crisis!" They only act after the damage has been done! Look at what Wikipedia has to say about how they handled Bernard Madoff!!!

http://en.wikipedia.org/wiki/Bernard_Madoff), "Botched investigations", "incompetent staff work or neglecting allegations of financial experts and whistle blowers". That was just what the SEC's own Inspector General did for 17 years!!!!

Also where are the Wall Street protestors on this, the 99%ers? Oh that's right, (clink, clink) (pouring sound), they used Facebook to rally everybody because they know that Facebook is 110% about protecting their rights and privacy! ☹️

NOT!!!!


Pardon me while I pour some more drinks for the 99%ers, financial watchdog agencies and mainstream media! They seem to be kicking back and thirsty!
3. **Mike Strall** | April 16, 2012 at 8:49 am |  [Permalink](#)

WOW--this Leader / Facebook lawsuit runs so deep and cuts into so many different powerful folks that even Bernie Madoff could of learned a trick or two!

One would hope the SEC's own Inspector General won't get burn't a 2nd time when so many facts are right in front of their nose. Thank God for people like Donna; doing the SEC work investigations, while their agents are doing what?


(Processing e-mails, dealing with

government regulations—who knows. I think they are under staffed—they need to hire more staff)—that’s the answer—HA:(

4. **LindaW** | April 17, 2012 at 10:01 am |  [Permalink](#)

Remember “The Cone of Silence” on the Get Smart TV comedy? That’s like the bubble under which these Silicon Valley operators communicate out here. They repeat each other’s lies so often that those lies become the truths among those who are members of the club. The lies stop only after the bubble bursts. In addition counseling its called intervention. It’s time for intervention, I think.

Although we hope the SEC will do something, I very much doubt it. As one post said, they “investigated” Bernie Madoff for 17 years and did nothing in the end. I too wonder why we pay them to occupy Washington office space.

5. **Frederick S.C.** | April 17, 2012 at 1:51 pm |  [Permalink](#)

Whew. Help me out here. Am I crazy, or am I starting to unravel the threads of this legal mess that Facebook probably spent 10’s of millions of dollars creating?

— If I bottom line all I’ve read on this site and elsewhere, the kid Zuck (a) stole the platform technology ideas from McKibben (who started inventing in 1997 when the kid was just 13 years old) whose son was in the next dorm and had details about the platform in his Zuck-hacked inbox, and (b) the faces idea from the Winkelvosses, Greenspan and Harvard Admin. Hoffman, Thiel, Breyer and the rest of the Accel Partners Harvard Alum clique arranged for the kid to get more *The Harvard Crimson* newspaper coverage than Clinton or Bush in the span of six months (Nov-2003 to May-2004).

— The kid then flies to California where the Accel Partners “cabal” continues polishing their custom-designed “Harvard story” with the kid’s cooperation (for which he is rewarded with unlimited access to cash). McKibben’s patent publishes in June 2004 and the kid refines the “groups” feature which causes the system to take off. The advertising revenue starts to grow. They get a waiver of the 500 shareholder rule from the SEC in 2008 that they use as their excuse to sell \$3 billion (with a “B”) in insider “IPO supplement” (Juri Milner’s term) stock to money of

questionable origins—a private market made by Goldman Sachs whose former executives and employees run their large Russian investor from Moscow and London, after blocking American investors from investing. These insiders sell off 10-30% of the company to a Russian oligarch and hire his entrepreneur as their chief adviser on Facebook money.

—All the while this is happening, Leader's former attorney Fenwick & West is playing fast and loose with its professional conflict of interest rules, as well as filing patents for Facebook that don't disclose their intimate knowledge of Leader's prior art.

—Meanwhile, they are judged to be in "literal infringement" of Leader's patent, but win on a BS technicality for which they presented no credible defense on appeal and will probably lose. With the prospect of a damages, willful infringement and injunction looming in Leader v. Facebook, the issue an S-1 that doesn't even mention these facts, and they borrow another \$3 billion, then six weeks later spend \$1 billion to buy the company of a former Facebook insider whose investor includes Facebook board members...

—What am I missing? Isn't this the definition of a criminal enterprise?

6. **Darren** | April 17, 2012 at 8:13 pm |



[Permalink](#)

Let's do some math. Facebook values a company with no revenue, no patents, and a short operating history at \$1 Billion.

What is the "Core" technology of Facebook worth?

Remember, it is already fact that the core technology of Facebook "is" Leader's 761 patent! When Leader gets their favorable decision from the Federal Court of Appeals lets look at damages. Let's say a minimum of \$15 Billion a year, and that is being very conservative, from 2012 until 2021.

Oh, and lets count from 2006 until 2012 at \$1 Billion a year since we are talking THE CORE TECHNOLOGY of Facebook! That would put the amount of damages, plus or minus, \$141 BILLION plus. There could be triple damages also. I am sure the future stockholders won't mind paying it since they have been informed of the ongoing lawsuit! 😏

Not!!!!!!

7. **Donna Kline** | April 18, 2012 at 9:47



am | [Permalink](#)

[This comment is in reply to a comment from Bill Cole in my previous

most, [click here](#) to read Bill's comment, and several responses to Bill.]

Hi Bill ~

Thank you for your comments. I appreciate your input in to this conversation. Keep them coming!

With the pace of innovation today and the long drawn out process of patent application and legal battles, how could the courts EVER argue a case of patent infringement that wasn't 'dusty and old?' From what I understand, social networking didn't exist when Leader filed for their patent (no published prior art.) By the time the patent was approved, several years had already passed. And, by the time the case was brought against FB, went to trial and the first decision was made, it was already 2008. Now Leader is awaiting a critical Federal decision (finally) and it's 2012!

I have been looking in to patent cases, specifically ones whose judgements were reversed in the Federal Court of Appeals, and I am finding that ALL of these patents are 'dusty and old', not just the software ones. Locks, medical components, springs, you name it. One case in particular, regarding patent # 5,931,839, the inventors were FINALLY justified in their pursuits with a reversal of judgement by the Federal District Court of Appeals. The patent application was filed in 1996. The decision in court? 2008.

Plus, Leader's patent WAS acknowledged as prior art in two subsequent patent applications by no one less than Andreessen (et al.) And the attorneys for Andreessen, Fenwick & West, were attorneys for Leader back in 2002. We are not talking about 'Patent Trolls' in this case.

'Underpants Gnomes?' (I had to look up that one!)

The process of patent application and legal litigation takes a long time. Doesn't mean that a person or company shouldn't have a right to protect their invention, even IF the industry continued to develop and expand. Otherwise, why bother to file at all?

Stay Tuned! MEEP MEEP

8. **Julie** | April 18, 2012 at 2:02 pm |



[Permalink](#)

Hey Donna,


You go girl. Check out this backpedaling at Facebook. What kind of financial zoo are they running? It's time for them to pay the piper. They have enjoyed Leader's technology for

free long enough.

<http://www.foxbusiness.com/technology/2012/04/18/report-facebook-board-told-not-consulted-instagram-deal/>

<http://online.wsj.com/article/SB10001424052702304818404577350191931921290.html>

Really? Facebook esteemed directors knew nothing? Do I hear Sargent Shultz in the background? "I know n-o-t-h-i-n-g."

9. **Barbra Boeoy** | April 18, 2012 at 2:59 pm | [Permalink](#) 


You wrote: "Which is it? "Not required to be independent" or "independent." The S-1 says both. Hmmm."

The S-1 says that it is not required that the majority of the Board of Directors be comprised of independent members.


So what? Your reasoning and line of argument is almost childish.

It's not a requirement — but that doesn't mean that it can't exist. The phrase "it is not required..." does not preclude its existence.


It's not required that I wear a blue shirt today. This statement doesn't mean that I can't wear a blue shirt today. It means that I may wear a blue shirt, or I may not wear a blue shirt.

10. **Donna Kline** | April 18, 2012 at 3:37 pm | [Permalink](#) 

It's spelled **Kline**, BTW

11. **Donna Kline** | April 18, 2012 at 3:52 pm | [Permalink](#) 

OK Barbra.... I'm childish, and the WSJ article today wasn't quick action by Facebook for damage control. I'd go on, but I am busy putting together another mind-blower. Check back soon!

12. **Julie** | April 18, 2012 at 3:56 pm | [Permalink](#) 

Barbara,

Investors in a company need to know one way or the other. Is there accountability and transparency or isn't there? This idea that maybe there is and maybe there isn't discloses NOTHING about the true governance structure of the company. The fact that they say the board is "independent" in one section, but that the Zuck may rule by fiat whenever he feels like it is a recipe for disastrous governance. It is a risk that potential investors should be aware of. Donna has done us a great service.

13. **brad** | April 18, 2012 at 9:38 pm |



[Permalink](#)

Oh Fooey, Booeey!
Barbra, if you are a payed hack, as you certainly must be, then you are doing FB a disfavor with your blue shirt analogy! David Hume would be howling and laughing in his grave! Whatever FB might be paying you, it is not for your talent in deductive logic. Donna, by reading these kind of comments, I now believe that you are indeed getting notice over what are appearing to me appearing as serious crimes. Apparently there are those who believe no wrong in "lying by omission". As any worth his salt securities attorney would advise in the era of Sarbanes Oxley, the more of material consequence within the confines of a public, or about to be company, then the more should be disclosed to potential investors. Any lack of disclosure is surely fuel itself for the class action boys looking for the perfect opportunity for a shareholder derivative! Unfortunately, as with the SEC, they seem to step in more to punish, than to prevent! Someone in the public sector asleep at the wheel? Really?
Bring on more Donna, and Hooey to Booeey!

14. **William Cranbrook** | April 18, 2012 at 10:00 pm |



[Permalink](#)

Does anyone else find suspicious this sudden release of intimate Facebook details in *The Wall Street Journal* since Facebook has previously refused to take reporter calls for years? We even learn intimate details that business savvy Facebook director Marc Andreessen was "surprised" when his business partner in Instagram, Mr. Systrom, was in the other room at Zuckerberg's home. How touching. I am holding back tears. Snivel, snivel.
Where are WSJ references to former Facebook insider and current Instagram insider [Matt Cohler](#) in this spin? Up till today, he was the focal point of this Facebook-Instagram deal. We also learn that only after the deal was consummated that the boards of the two companies were notified, after which they sent around congratulatory emails. Now they put forward a non-Facebook insider, Kevin Systrom, as the deal front man. To quote Dana Carvey's Church Lady character, "How conveeeeeenient."
This story is so full of bull. We even learn that Systrom's might've reacted negatively if legal and financial consultants had become involved.


Poor baby. After all, it's only \$1,000,000,000 dollars. What we should be hearing is that the Facebook directors resigned en masse over this breach of fiduciary duty.

They must expect us muppets to buy this bull that a sophisticated board member like James W. Breyer would be willing to be the hapless board member sitting on the sidelines while his boy wonder commits "youthful indiscretions." GIVE ME A BREAK. WE'RE TALKING A BILLION WITH A "B" DOLLARS. Why would the WSJ cooperate with such a bull crapola story line? Breyer is a director at Walmart and knows about (breaches of) fiduciary duty and the business judgment rule. Unless of course, Breyer is so entwined in this Facebook cabal (the boy band impresario?) that he was forced to sit there in silence. That video of him in Europe on an earlier post is telling. In it he complains about having to comply with fiduciary duty rules (is that why Accel Partners is moving their assets to India, China and London? To escape the inconvenience of ethics? Sarbanes-Oxley was a direct consequence of Wild West conduct). [At commenter's request, [Here's the post.](#)] [[Click here \(at 5:59\)](#) for one of the video segments about Accel Partners's investing priorities.] [[Click here \(at 41:17\)](#) for his comment on fiduciary requirements.] [You're welcome.]

Us muppets aren't taking the bait. Sorry Zuck/Breyer and your *Journal* friends.


Meep, meep.

http://online.wsj.com/article/SB10001424052702304818404577350191931921290.html?mod=WSJ_hp_editorsPicks_1

15. **Chronos** | April 19, 2012 at 5:23 am | 

[Permalink](#)


Have you read the Trackback 1 article and the comments on the original at CNet? What a load of hoey, esp. the fake conversation thread in the Comments. It is clear that the CNet writer does not understand how a director or officer "recuses" him/herself when a conflict arises. The people at Facebook are a dangerous mixture of amateurs and veterans turning blind eyes. A fool and his money...

16. **Tex** | April 19, 2012 at 7:52 am | 


[Permalink](#)

So Donna "Klein" is making up sinister plots ? HA HA.....there is an interesting situation here that could be one of the most diabolical string of


lies and outright corruption EVER
.....the truth isn't a variable, Barbra.
The truth just sits there waiting to be
discovered. Seems that the FB
corroborators have been exposed so
the next likely step will to discredit the
messenger. If Ms. KLINE was
fabricating these things, the FB
lawyers would have her in shackles by
now. If the facts are true, Zuck is in a
real pickle, even if his arrogant
evaluation of this disclosure from his
inner voice tells him otherwise. My
experience is in watching people like
these guys self destruct, the second
and third and fourth lies (crimes) are
always worse than the first .
Remember Martha Stewart, Roger
Clemons, et al ? The only difference
here is the magnitude of the reward for
covering up the lies and deceit. DK
has put a long string of corrupt
activities in a proper sequence so that
even us common folk can see
clearly.....meep,meep.

17. **Anonymous** | April 19, 2012 at 10:33 am | [Permalink](#) 

There's a precedent to Instagram deal
when Skype bought Qik just prior to
being aquired by Microsoft.
Andreessen Horowitz had an interest
in and a board seat at both Skype and
Qik.

18. **mike kennedy** | April 19, 2012 at 12:18 pm | [Permalink](#) 

Keep turning the heat up Donna. I think
I smell something burning in the FB
kitchen and it stinks pretty bad.

19. **Donna Kline** | April 19, 2012 at 12:33 pm | [Permalink](#) 

So Anonymous, are you telling us that
Marc Andreeseen may NOT have been
"surprised" by the insider deal? Haha.

OK, I did the research and your
comment is spot on. In summary,
Andreeseen made an investment into
QIK, followed by a takeover of Skype,
whereby he was able to use his
position of authority at Skype to
purchase QIK, a company he held an
economic interest. It was a mirror
image of the Facebook-Instagram
insider dealing.

So much for Andreessen's feigned
"surprise" that the Zuck cut the \$1
BILLION dollar deal without the
knowledge of the other directors.

[ROFL.](#)

<http://venturebeat.com/2008/08/25/andreessen-invests-and-agrees-to-advise-qik/>

Quick Summary:

08/25/08: Andreesen and Horowitz join QIK Board of Advisors and make an investment of an undisclosed amount

09/01/09: Andreesen invests \$50 mil into Skype and orchestrates a 65% majority takeover of the company using pension fund monies. Other investors include Silver Lake, Index Ventures, and the Canadian Pension Plan Investment Board, for a combined investment of \$1.9 bil.

01/06/11: Skype acquires QIK for \$150 mil

{ 1 }

Trackback

1. [Five things you need to know about Facebook-Instagram | Partners In Sublime](#)
| April 18, 2012 at 3:10 pm | [Permalink](#)
[...] Instagram and why the deal got done so quickly. That's why you should ignore people like Donna Klein, who love to conjure up sinister plots about ponzi schemes out of thin [...]

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[/// FACEBOOK FORCES REEXAM ORDER OF LEADER'S PATENT THROUGH USPTO DIRECTOR'S OFFICE IN WAKE OF INSTAGRAM CONTROVERSY](#) »