

{ 2012 05 03 }

/// Are Facebook insiders mocking the Business Judgment Rule?

Who really controls Facebook? Shhhh.

Updated! 5/5/12 9:38 PM EST



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

LEADER V.

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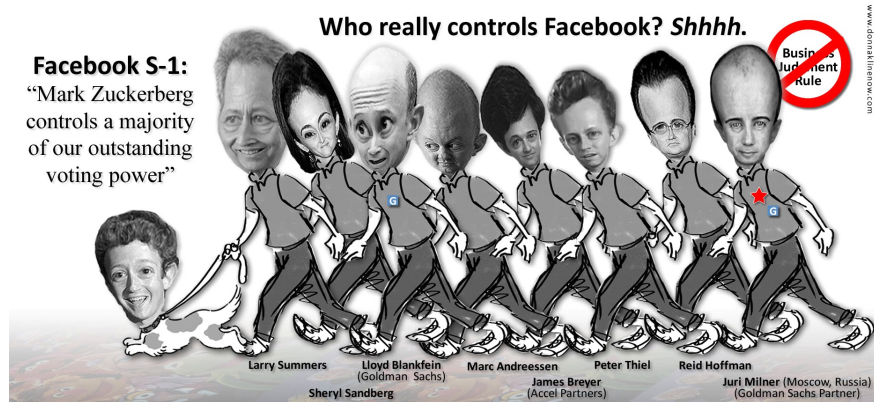


Fig. 1 – The Facebook S-1 says that Mark Zuckerberg has voting control of Facebook. However, all signs point to an undisclosed ‘shadow management’ that really runs the company, perhaps led by former Obama Administration bail out chief Lawrence Summers. Given the insider dealings to sell billions of dollars of shares *before* the public offering, (yes, *before the IPO*, in private issuance via Goldman Sachs), can these people be trusted? From left to right, Mark Zuckerberg (CEO), Lawrence Summers, Sheryl Sandberg (COO), Lloyd Blankfein (Goldman Sachs), Marc Andreessen (Director), James Breyer (Director), Peter Thiel (Director), Reid Hoffman (Director) and Juri Milner (largest investor; based in Moscow Russia).

Who really controls Facebook? Is Mark Zuckerberg the “tethered doggy” of the Facebook cabal? A cabal consisting of Lawrence Summers, Sheryl Sandberg, Marc Andreessen, James Breyer, Peter Thiel, Reid Hoffman and Juri Milner (Goldman Sachs Partner? – [Click here](#) for *Forbes* article discussing their relationship).

The Facebook S-1 says Mark Zuckerberg is the controlling shareholder in Facebook. However, the reality *appears* to be very different: A “shadow cabinet” is emerging with a very different dynamic to its decision-making than that disclosed in the S-1. What we see are directors who, on the one hand, claimed to have known nothing about Mark Zuckerberg’s transfer of \$1 billion (with a “B”) to Matt Cohler (a former early Facebook employee with potentially damaging knowledge of Zuckerberg’s 2004 shenanigans). Yet, while confessing utter ignorance, Facebook Director Marc Andreessen and his new partner Former Obama economic architect Lawrence Summers pocketed untold hundreds of millions from that deal. See my previous post, [click here](#).

Further exploration reveals that Facebook’s COO Sheryl Sandberg has been employed almost continuously for the last 20 years by Larry Summers—since the early 1990’s. This puts Sandberg



This blog has become a grassroots effort. My *Leader v. Facebook* patent infringement interview ([click here](#)) has mushroomed into a *major investigation*. Will you donate to the cause? Your donations will enable me to sustain this important news effort. Thank you! MEEP MEEP — Donna

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Confirms reckless

on both sides of any deal involving Summers and his friends—including most especially any deal benefiting Andreessen’s investment company. **NONE of these conflicts of interest are disclosed in the S-1.** Indeed, Facebook officers and board of directors seems to be nothing but a hairball of conflicts of interest. *Gack.*

The Business Judgment Rule

The [Business Judgment Rule](#) is the ethical gold standard for company officers and directors. The landmark case [Grobow v. Perot](#), 539 A.2d 180 (Del. 1988) established the guidelines. Directors in a business should:

1. act in [good faith](#). See also [duty of care](#)
2. act in the best interests of the corporation
3. act on an informed basis
4. not be wasteful
5. not involve self-interest ([duty of loyalty](#) concept plays a role here)



Another precedent-setting case is [Smith v. Van Gorkom](#), 488 A. 2d 858 (Del: Supreme Court 1985). It states “the business judgment rule is a presumption that in making a business decision, the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.” Wikipedia also provides a useful overview, [click here](#).

The purpose of a Form S-1 disclosure is to provide sufficient business and financial information so that prospective investors in a public offering can make informed decisions. Part of that disclosure involves discussing potential risks in more detail than vague “boilerplate” lawyer language that may, in fact, *mask material risks* behind [sophistry](#). Another purpose is to allow the prospective investors to determine if the officers and directors of the company are trustworthy.

The standard for judging the [trustworthiness](#) of officers and directors is the Business Judgment Rule. Judge for yourself whether the current slate of Facebook officers and directors are worthy of your trust.

New! 5/5/12 9:38 PM EST Facebook attorneys believe in director independence . . . when it suits them

The Delaware Chancery Court denied a motion by an Oracle director committee to dismiss insider trading allegation. See summary of [In re Oracle Corp. Derivative Litigation](#). [Click here](#) for the actual case. The court found the committee members, two Stanford University professors, had investigated fellow Oracle directors (one being a fellow Stanford professor and the other two significant Stanford benefactors). The court determined that the close




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
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 the Media?
 /// Facebook: The New
 “Too Big To Fail?”
 /// Big trouble ahead
 for the Facebook IPO?

ties among these individuals prevented the committee from being unbiased. Most importantly for this Summers-Sandberg 20+ year relationship is the court’s statement that a director could be compromised . . . by virtue of “personal or other relationships.” *These Oracle misdeeds pale in comparison to the hairball of Facebook officer and director conflicts.* Is there a standard for everyone else, then a special one for Facebook?

The Delaware court said that the determination of director independence is factually driven. Is the SEC assessing these facts or giving these astounding conflicts a pass? If the SEC turns a blind eye, will these conflicts eventually pull the company down with shareholder derivative suits over the director conflicts *already known*? Is this not the BEST TIME to address these conflicts? BEFORE the inevitable happens????!! See [White & Case “Director independence: alive and well under Delaware law.”](#) White & Case is/was a Facebook attorney in *Leader v. Facebook*.

Facebook’s Business Judgment Rule checklist:

Business Judgment Rule	Facebook’s Conduct
<p>1. act in good faith (sincere, honest intention or belief, regardless of the outcome of an action); See also duty of care.</p>	<p> The real management structure of Facebook is hidden from the public. Where is Lawrence Summers’s influence over COO Sheryl Sandberg and Director Marc Andreessen and his network of relationships disclosed? “regardless of the outcome . . .” Facebook has systematically refused to disclose the investment risks associated with <i>Leader Technologies, Inc. v. Facebook, Inc., 08-cv-862-JJF-LPS (D.Del. 2008)</i> to prospective investors – do they find it embarrassing? – As I see it, <i>Facebook could very easily lose the case</i>, and this may dissuade investors. See my previous posts “What Facebook doesn’t want us to know” and “Proof Fenwick & West did not disclose Leader.”</p>
<p>2. act in the best interests of the corporation;</p>	<p>Directors like Marc Andreessen and adviser Larry Summers are making deals using borrowed money on both sides of those deals; such double-dealing is not in the best interests of shareholders. Neither is employing <i>political</i> influence to illicit improper actions by the director of a federal entity. See my previous posts “Instagram-scam?,” “Wal-Mart, Zynga, Facebook – Oh the webs we weave” and “Facebook forces reexam order of Leader’s patent through USPTO Director’s office in wake of Instagram controversy.”</p>
<p>3. act on an informed basis;</p>	<p>Recent Facebook leaks say that the Facebook directors were not <i>informed</i> about the \$1 billion Intstagram deal (cough), yet they apparently <i>approve</i> of the deal. See my previous post “Instagram-scam?.”</p>
<p>4. not be wasteful; and</p>	<p>Facebook used borrowed money to buy Instagram for \$1 billion—a company with 13 employees and no revenue while offering <i>nothing</i> to Leader Technologies to license a patent on which Facebook is</p>

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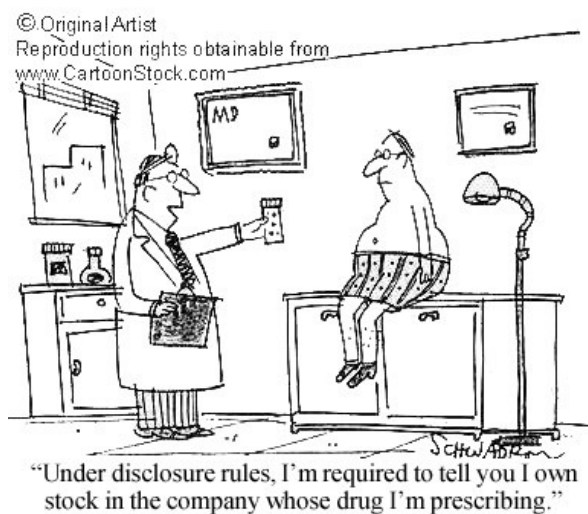
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- Sally Bishop on /// Are Facebook insiders mocking the Business Judgment Rule?
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“literally infringing” and I believe Facebook is *behind the eight ball* in the current Federal Circuit Appeal. See my previous post “[Big trouble ahead for Facebook IPO?](#).”

5. not involve self-interest (duty of loyalty concept plays a role here).

Self-interest defines the web of conflicting interests among the Facebook principals and their various investments and direct business associations which are a tangle probably meant to discourage regulators from taking the time to identify the conflicts. See my previous posts “[Instagram-scam?](#),” “[Wal-Mart, Zynga, Facebook – Oh the webs we weave](#)” and “[James W. Breyer’s tangled web of insider trading – AKA – ‘You’ve been Breyer-ed’.](#)”

Table 1 – Comparison of Facebook’s directorial and officer conduct against the Business Judgment Rule. Facebook conduct fails on practically every key principle of the Business Judgment Rule.



U.S. courts disdain getting involved in business matters unless the directors are abusing their discretion. It is inconceivable how Marc Andreessen’s and Larry Summers’s recent participation on *both sides* of the Facebook-Instagram deal—lining their pockets as well as their insider friends—is anything other than an abuse of discretion. It is in such circumstances that the courts and regulators must act in the best interests of the public to stop such double-dealing. Otherwise, why should anyone follow securities rules? They are in place because of the excesses of the past. It appears that the current Facebook management believe they can ignore securities rules and they will not be held accountable.

Can any reasonable person believe that the Facebook officers and directors will suddenly stop their insider double-dealing once Facebook is public? (Remember, the same SEC rules that allowed the insider sale of Zynga stock are listed in Facebook’s S-1. See [this post](#) for more on THAT one.)

What do you think?

The Comment section below is open for business!

Meep, meep.

* * *

SEC Rules on Conflicts of Interest (that Facebook et al appear to be ignoring)

SEC Rule 2720 on Conflicts of Interest “prohibits a member [brokerage] firm with a conflict of interest from participating in a public offering, unless the nature of the conflict is prominently disclosed.” It further requires “prominent disclosure” for any member who has “the power to direct or cause the direction of the management or policies of an entity.”

See [SEC 2720 Opinion](#). See also [FINRA 2720 Publication](#).

Now let’s look at just a few public facts.

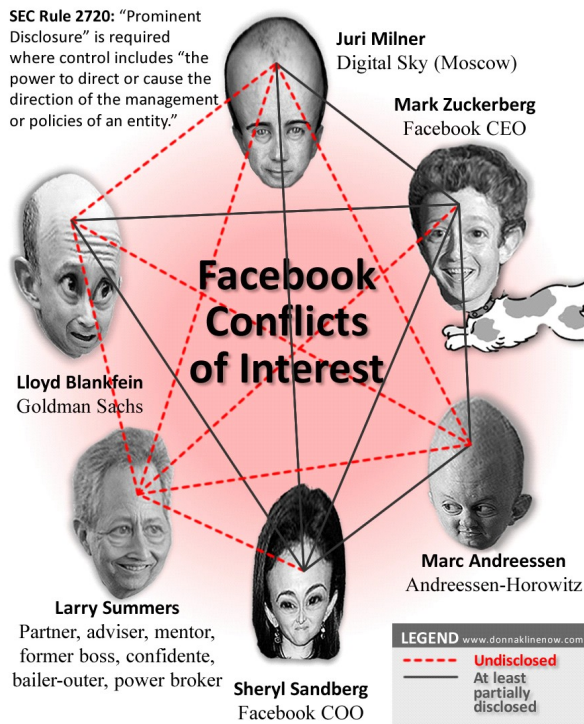


Fig. 2 – Facebook’s S-1 is required to provide “prominent disclosure” of all conflicts of interest where those interests have “the power to direct or cause the direction of the management or policies of an entity” according to SEC Rule 2720. This figure illustrates the many undisclosed conflicts of interest among Facebook stakeholders, including Mark Zuckerberg, Sheryl Sandberg, Marc Andreessen, Lawrence (Larry) Summers, Lloyd Blankfein (Goldman Sachs) and Juri Milner (Digital Sky Technologies, Moscow, Russia).

Updated! 5/5/12 9:38 PM EST A Web of Undisclosed Influences and Hidden Agendas?

1. Foreign Influence? Goldman Sachs owns an undisclosed stake in a Moscow-based Russian company called Digital Sky Technologies and is partnered with Russian oligarch Alisher Usmanov. Digital Sky is the second largest shareholder in Facebook. Mark Zuckerberg has stated publicly that he is looking to Digital Sky for his transaction software capability. *Fortune* magazine has identified strong ties between Asimov and the Russian government. How could these investors influence the use of proceeds from the offering? See [Fortune](#) article. See [Juri Milner / Alisher Usmanov](#).

2. Attorney Misconduct? Fenwick & West LLP claims to have filed over 700 patents for Facebook. However, Fenwick did not disclose Leader Technologies’ invention as a prior art reference; even though they were (a) Leader former attorney in 2002 with clear knowledge of the technology, and (b) had disclosed it as a prior art reference in two Marc Andreessen patents filed earlier. Nowhere is the risk of “inequitable conduct” disclosed. Neither did Fenwick disclose the risks of having represented Leader Technologies during the critical 2002 period that Facebook attacked at trial. Fenwick claims no wrong doing. What do you think? See “PREVIOUS POSTS” on the left sidebar. See [“Proof Fenwick knew.”](#)



3.

Winston Smith on ///

Are Facebook insiders
mocking the Business
Judgment Rule?

Jill on ///

Are
Facebook insiders
mocking the Business
Judgment Rule?

Tex on ///

Are
Facebook insiders
mocking the Business
Judgment Rule?

Kathy on ///

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Facebook insiders
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In confusion there is profit?

Misrepresentations to Current Investors? Goldman Sachs has made a \$3 billion unregulated private market in Facebook insider stock, presumably taking the number of shareholders well over the 500 shareholder rule for a private company. (They were given special permission by the SEC to do so; see [Muppet Mania](#).) None of the risks associated with these financings have been disclosed. Goldman also failed to disclose to investors Facebook’s “literal infringement” of Leader Technologies’ U.S. Patent No. 7,139,761 in *Leader Technologies, Inc. v. Facebook, Inc.*, 08-cv-862-JJF-LPS (D.Del. 2008) and *Leader Tech v. Facebook*, Case No. 2011-1366 (Fed. Cir.). See [Big Trouble Ahead for Facebook IPO?](#)

4. Goldman owes Summers? Goldman Sachs “owes a big one” to new Facebook adviser and former Obama economic adviser Lawrence Summers for saving Goldman from extinction with the 2008 Government bail out. Is Summers calling in markers to help his political associates?



Fig. 3 – Is Mark Zuckerberg propped up like a [Potemkin Village](#)?

5. Sheryl Sandberg’s very close association with Lawrence Summers. Lawrence Summers has employed Facebook COO Sheryl Sandberg almost continuously since he was her college thesis adviser at Harvard in the early 1990’s. His influence over her and *potentially* how his involvement might be attempting to sway the coming Presidential election, are undisclosed. See “[Facebook attorneys sometimes believe in director independence](#)“. See also [Forbes](#) for an indication of how cozy the relationships are.

6. Attempt to use undue political influence at the Patent Office? Did friends of Facebook use political influence to cajole Patent Office Director David Kappos to issue a dubious order to throw Leader Technologies’ patent into reexamination for a *third time*? An order, no matter how dubious, that could delay a damages trial if Leader prevails at the Federal Circuit (a decision that is imminent)? And, if Leader does not prevail, delays their further appeals (*en banc* to the 12 Federal Circuit judges, then the U.S. Supreme Court). See “[Suspicious Reexam Order](#)“. See also [Kappos Stanford interview](#) “system of innovation is more important than ever” (at 23:25), “if I were king for a day” at (22:03) and “innovations have changed... we must work together cross-culturally” (at 10:43). His lifetime-IMBer big company bias is evident. Is he punishing Leader for not complying with his vision of globalization? Is that the Director’s charge? Doesn’t he work for us?





7. Attempt to influence the election? Lawrence Summers recently left President Obama's employ and reappeared in Silicon Valley employed as a partner in Facebook Director Marc Andreessen's investment firm



Pres. Obama appointed Larry Summers to be Director of the National Economic Council in Jan. 2009. Sheryl Sandberg was Summers's Chief of Staff when he was U.S. Treasury Secretary under President Clinton.

where he and Andreessen recently raked in hundreds of millions from a dubious \$1 billion Instagram purchase. See [Self-dealing](#). Summers compensation and involvement in this deal are unknown. Remember, Obama has 26 million "Likes" on Facebook as compared to Romney's 1.6 million. [Click here](#) to read why this is an important fact. Here's [Gawker's](#) point of view on Summers. [See this Feb. 13, 2012 USEmbassy.gov](#) release about Sandberg if you don't think the White House is not ALREADY vested in this IPO. [See also Bloomberg](#) on Sandberg's fundraiser for Obama.

8. Whose the real boss at Facebook? Sheryl Sandberg? Larry Summers? Lloyd Blankfein? Facebook's Sheryl Sandberg now does practically all of Mark Zuckerberg's talking for him, yet Facebook's S-1 says Zuckerberg "controls a majority of our outstanding voting power." Does anyone expect us to take this S-1 disclosure seriously? See "[A Real Mess.](#)"

* * *

Credits:

1. Cat coughing hairball. [Blognoble](#). Accessed May 3, 2012.
2. Trust. [Radical Marketing Solutions](#). Accessed May 3, 2012.
3. Conflicts of interest must be disclosed in advance of others relying on your representations. [Cartoon Stock](#). Accessed May 3, 2012.
4. Mask graphic. [Maskz.com](#). Accessed May 4, 2012.
5. Maze photo. [Flickr.com](#) Accessed May 4, 2012.
6. Pres. Obama / Lawrence (Larry) Summers photo. [The Wall Street Journal](#). Accessed May 4, 2012.
7. Pres. Obama / Sheryl Sandberg photo. [Indiana Times](#). Accessed May 5, 2012.
8. Independent Directors of a Corporation cartoon. [Stu's Views](#). Accessed May 6, 2012.

Posted by [Donna Kline](#) on Thursday, May 3, 2012, at 12:49 pm.

Filed under [Investigation](#).

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Comments

1.

brent | May 3, 2012 at 10:37 pm | [Permalink](#)



I was speaking last week with a fund manager who invested over \$30 million in Goldman Sach's private placement of Facebook's insider stock last fall. Somehow we got on the subject of Leader Technologies and I asked him if he knew about the Leader v. Facebook patent infringement verdict of literal infringement against Facebook. He was in disbelief that the litigation had not been disclosed. He didn't believe me until I showed him this site and all the actual documents. He called me later after returning to his office in total disbelief, he said "The b_____ds disclosed nothing in their prospectus about this risk."

2.

Tex | May 4, 2012 at 7:53 am | [Permalink](#)



Donna, you surely don't believe that "enforcing the rules" fits the agenda of either the Zucksters, their banker boys at Goldman, or the POTUS and his crack legal team at DOJ..... Rules, schmools., why do we need rules? To mention a few that we seemed to have overlook lately.....US borders, sanctuary cities, Fast and Furious, EPA enforcement sans Congress, Jon Corzine, the vetting of Elizabeth Warren, Obamacare passed with arcane Senate rules in the middle of the night,Not only does this case (Leader vs Facebook) deserve high court review on the civil side, the actions of the Zucksters also deserve review from a legitimate DOJ on the criminal side. Somehow I recall in my experience in real life that "theft and perjury" were crimes to be investigated and prosecuted by those we trust to enforce the law. The problem appears to be that the DOJ boys are too busy sitting in front of Congress explaining the "guns in Mexico" thing, and trying to prove Roger Clemens used a steroid to throw a baseball through a wall. Of course there is a chance that FB and the Zucksters are innocent and if the courts reach that conclusion, so be it. Just once, I would love to see Obama actually spend time on creating an environment of trust and integrity in our new cyberspace businesses and less time bashing oil companies and those of us that actually created jobs and businesses the old fashioned way.....

3.

Linda | May 4, 2012 at 8:35 am | [Permalink](#)



Let's see. Facebook has a Fenwick & West law firm that lies to the Patent Office and uses tricky language in the S-1 to dance around "materiality." They have a Cooley Godward law firm that fabricates evidence and tricks juries. They have a Goldman Sachs underwriter that makes a \$3 billion private market in Facebook stock, eventually locks out American investors (who bailed them out), then takes in billions from shady characters with foreign underworld ties. They have directors who consistently double-deal. Isn't this the definition of "bad faith." WHERE IS THE BUSINESS JUDGMENT RULE IN ALL THIS? IT'S NON-EXISTENT. If this IPO is

allowed to go forward I am not sure what I will do with my political activism. I hear now that various federal agencies are attempting to muzzle the media with regulatory threats not unlike the stunt that USPTO Director David Kappos just pulled with the Leader patent. Are they going to get away with this? Muppet Nation must rise up and no longer give these yahoos any benefit of the doubt. They're crooks.

4. **Kathy** | May 4, 2012 at 8:49 am | [Permalink](#)



Hey Tex, you said "Of course there is a chance that FB and the Zucksters are innocent and if the courts reach that conclusion, so be it." What was in your Texas coffee this morning? The evidence is all out there from the case to read. (Besides Donna's site, here's another detailed one on the case <http://facebook-technology-origins.blogspot.com/>) Zuck and his cadre of handlers are as guilty as sin IMHO. If our courts screw up, then hopefully Leader will appeal this all the way to the Supreme Court if needed. All our geese are cooked in our courts if Facebook's fabricated "coffee stain" evidence passes for "clear and convincing."

5. **Tex** | May 4, 2012 at 9:51 am | [Permalink](#)



Good morning , Miss Kathy.....We drink "humbleness" in Texas....HAHA.I watched the big black limo`s on TV this AM as CNBC gushed over the greatness of the FB IPO.....inside those limo`s were the Zucksters and probably the stacks of new stock certificates for the lathered -up crowd of (meep,meep) folks waiting to buy a company that was stolen from a highly skilled engineer by a boy genius who ,incidentally, claims that an inspiration from above was the source of this great innovation, which , ironically came just as he hacked McKibbens email....Hey Derek,did I see you driving one of those big black beasts. If not, I apologize.....don`t sue me. .The biggest problem that the appellate court may be facing is the "value" of the crime perpetrated on Leader by FB....well, the Zucksters just gave the court a baseline....\$96,000,000,000. Let me repeat, the greatest "private, non governmental theft" in historyand we have seen some really good ones lately..

6. **Jill** | May 4, 2012 at 10:07 am | [Permalink](#)



Donna, I'm sorry but you really do not understand the Business Judgment Rule. The BJR is not a "rule", as it does not require any affirmative conduct by a board of directors. Instead, it is a presumption—namely a presumption that when undertaking an action, a company's management has acted in the best interests of the company, on an informed basis, etc. All this means is that when someone sues a company for mismanagement, the BJR kicks in as a presumption that the company's actions were properly undertaken. It is then up to the

plaintiff filing the lawsuit to overcome that presumption.

This notion that Facebook has somehow violated an abstract rule and is therefore culpable in some way is just ridiculous and completely out of line with how the legal system actually works. There is no liability for “violating” the BJR.

7. **Winston Smith** | May 4, 2012 at 5:07 pm |



[Permalink](#)

Jill, Whats your background that you have such great eagerness to share your wonderful enlightening thoughts with us? Did you happen to take the time to download the information that Donna researched on her main blog on BJR? It's very informative if you choose to read up on it. Leader has already met the requirements of your so called “presumptions” when Facebook was found guilty on 11 of 11 counts of literal infringement! And while we are on the subject of BJR's, do you think Facebook did their board members right by buying Instascam..I mean Instagram, and then telling the board members how to vote on it after the fact? I think that HARDLY falls within any ethical guidelines!”Abstract Rule” that sounds synonymous with the ” Dark arts” that the jury had to decipher back in 2008!

8. **Tex** | May 4, 2012 at 5:59 pm | [Permalink](#)



So let's see.....a rule is less than a law but more than a presumption thus the Zucksters can hack emails, create diversions, play hide and seek with the SEC, forego complete S-1 disclosures, and be perfectly able to go along their merry way.....now I find it fascinating that Jill would call the actions of these guys OK (that's Texan for within acceptable Board and management protocol) while she calls Donna's reporting “just ridiculous and out of line”.. All I can say is , Jill , go over all of the facts presented in this blog and think about what you just posted.....Donna is presenting a very well researched and thoroughly documented history of the years leading up to the largest IPO in history. There is a case before the second highest court in the land that could cost the new shareholders of FB potentially billions of hard earned money. Shouldn't that be disclosed ? The potential insider conflicts are everywhere. Shouldn 't that be disclosed? You are probably connected to the Zucksters either as a lawyer or a communications consultant....I hope you see the very scary cliff in front of you.

9. **Derek** | May 4, 2012 at 7:01 pm | [Permalink](#)



Jill! You ROCK!!

Finally someone besides myself to counter these half truths! Are you single? Where do live? Dinner somewhere in the Valley?

What these hillbillies here don't seem to get is that Facebook will have enough setbacks in it's own future

without these distractions. Let's let FB get stronger, not weaker! It can foment change in the world, as it already has, it may even help ward off cyberwars in the future from rogue nations! Sometimes people have to realize that one can justify the means by the end! If there is any truth here that Zuck coincidentally had code that looked so much like Leader's or that he liked the idea, so what if a few rules were forgotten? Look at the results from waterboarding, and how maybe our own CIA had to push the rules a bit. It was worth it, and we ultimately nailed Bin Laden! Let FB prosper, I say! If some fund managers are bellyaching over the lack of disclosure over this petty little case, they won't be when the stock sails up after the IPO! Go Jill! Go Facebook!

Donna, and the rest of you complainers, lighten up! I thought I was done with this hooey, but I am glad to be back now that I know I am not the only person posting here with some intelligence.

10. **Tex** | May 4, 2012 at 9:01 pm | [Permalink](#)



And that my friends, is the meaning of liberalism !!!!! Nice job, Derek !!

11. **Sally Bishop** | May 4, 2012 at 9:10 pm | [Permalink](#)



How can so much appalling conduct be perpetrated by one group of people? We are watching the emergence of a Silicon Vally oligarchy every bit as corrupt as those in Russia. I agree with other posters that this will go down as the biggest American scam of all time. The latest scam is that the insiders are all going to sell stock to "pay their taxes." Gack! Can anyone say political donations?

12. **glenn** | May 5, 2012 at 12:45 pm | [Permalink](#)



Well Derek I guess that you can justify anything .

13. **Incredulous** | May 5, 2012 at 1:11 pm | [Permalink](#)



Derek,

Are you high, insane, or were you raised by wolves?

Since when is theft okay? The chance that the Zuckster "coincidentally" (in a couple of weeks, while studying for finals) generated the same code as McKibben is more far-fetched than you walking down the street and encountering a stranger with the exact same DNA as you!

McKibben should be very highly compensated for a theft that not only took his technology but the many years he has had to devote to reclaiming what is rightfully his.

Shame on the national media for not publicizing this case.

14. **Mike Kennedy** | May 5, 2012 at 4:34 pm |



[Permalink](#)

SHHHHHH! Quiet "Incredulous," the SEC and the Media

are sleeping. Don't want to wake anyone up and cause any rocking of this IPO boat. To many people stand to make a fortune off of one of the (if not the) biggest scams in history. So please try and keep this really, really quiet.

15. [Tex](#) | May 5, 2012 at 4:55 pm | [Permalink](#)



Been digesting some of the posts by Donna, Jill, and Derek over the past couple of days..... First of all, Derek , did you think that this was an online dating site? Keep firing shots, maybe something will work for ya'.....hillbilly women are very susceptible to guys like you. (just a joke ladies !) Secondly, I am wondering what Jill thinks about Donna's other findings and the fact that FB is under the microscope in the US Appellate Court system for very serious and nefarious actions by FB representatives . Is hacking an email, stealing it's contents, and making false statements about the whole shooting' match illegal in your opinion? Or should that be a non-rule ? Derek ,are these actions really OK if it helped the " company" achieve it's goals? One more question....why did McKibben develop this platform which cost millions of dollars and thousands of hours if he wasn't planning on monetizing it ? In order to create a new concept of such intricate detail, an inventor must have a vision. So why do you folks think Zuckerberg is the only man on the planet that could have built Facebook ? He saw the value after he stole it.....Anyone could have that vision. Thoughts?

16. [Kathy](#) | May 6, 2012 at 12:48 pm | [Permalink](#)



Why is the image of Russian Roulette coming to mind? We have a President and an administration sworn to uphold the Constitution who are turning a blind eye to the rights of Michael McKibben, a real American innovator, while giving a smug nod to the "America Invents Act" which he trumpeted would protect the American inventor... all the while propping up The Great Infringer. Oh, what was I thinking? Those are just empty words meant for the muppets. We are only supposed to trust those words until after the election. Then afterwards, like he told Russia's Medvedyev, he'll have MORE flexibility.

To do what??? Do I hear the Constitution and our laws being torn to shreds? Oh, I forgot again, Derek tells us you have to do that now and again for therapeutic reasons. Gack!

<http://www.guardian.co.uk/world/video/2012/mar/27/obama-medvedev-mic-nuclear-video?intcmp=239>

17. [bg761](#) | May 6, 2012 at 12:51 pm | [Permalink](#)



Are the words of Peter Thiel (a Facebook Director and early 2004 investor) truthful and prophetic (about HIMSELF) when he states in an interview with Forbes Magazine, "One of the related themes to this is that we're

heading towards a much more transparent world. People are often nervous about it, because privacy's being lost. On the other hand, it's a more open world. What strikes me as very good about this increased transparency world is that certain types of bad actors will find it much harder to get away with it. You have a disturbingly large number of politicians and business leaders [who] are sociopaths and psychopaths. Something like 30% to 50% are borderline really bad people. You can get away with that in a world where you jump between places. That's going to be much harder in a world that's more networked and more transparent." 🤔

See

<http://www.forbes.com/sites/ryanmac/2012/05/02/reid-hoffman-and-peter-thiel-share-the-secrets-of-breaking-into-techs-most-exclusive-network/3/>

Privacy being lost??? I thought your privacy was safe on Facebook!! 30%-50% of Politicians and "Business leaders" are Sociopaths and Psychopaths unless they are open and transparent! Since this is about business leaders, let's see:

1. Mark Zuckerberg: open and transparent about the origins of the software for Facebook. (most inventors are proud of their original code)
2. Facebook's S-1: open and transparent about Facebook's infringement of Leader's patent?
3. Fenwick & West: open and transparent about Leader's invention?
4. Goldman Sachs: open and transparent about pre-IPO stock transactions and misrepresentations?
5. . . . Add any additional name to the list and ask the same question.

So which category do these questions put these "Business leaders" in? 🤔

18. **bg761** | May 6, 2012 at 3:46 pm | [Permalink](#)



One category I left out that is important in the previous post.

6. Facebook: open and transparent? Facebook hides evidence. For example, they told Leader that they lost their early source code, but the Ceglia case currently discusses the existence of this source code that they had

earlier told both Leader and ConnectU didn't exist (wait, after a settlement with the Winklevosses, they suddenly found it!!!!). So which of your observations about untrustworthy persons do you fall, Mr. Thiel? You say "certain types of bad actors [NOT YOU?] will find it much harder to get away with it." 🙄

If you want to see court records on this, go to *ConnectU, Inc. v. Facebook, Inc. et al*, Doc. 177, Feb 12, 2008 [[click here](#), you're welcome] and *Ceglia v Facebook*, Doc. 232, Nov. 20, 2011 [[click here](#), you're welcome].

19. **Tootall** | May 7, 2012 at 7:15 am | [Permalink](#)



Donna, keep up the good work! It's nice to see that we still have credible reporters in the good ole USA. Thank God Leader has excellent attorneys in King & Spalding and Kramer Levin who are real professionals when it comes to patent law & the protection of an American inventor.

20. **Julie** | May 7, 2012 at 8:24 am | [Permalink](#)



Stanford, Harvard, Silicon Valley . . . did their mothers and fathers NOT teach these children basic morals? What's with these so-called "prestigious" universities? As Donna says, its the M-O-N-E-Y. Did they stop teaching ethics too? Oh, I forgot. Ethics are for muppets (so the others can play behind the covers of a kid). Peekaboo, I see you.

21. **Sally Bishop** | May 7, 2012 at 9:35 am | [Permalink](#)



Russian Juri Milner's meteoric rise into the Facebook cabal felt strange to me, so I have done some digging. I have just triangulated three current Facebook figures to the same point in time 20 years ago.

World Bank, 1991-1993

1. Lawrence Summers, Chief Economist, working on the Russian bailout
2. Sheryl Sandberg, Research Assistant to Larry Summers
3. Juri Milner, Russian banking specialist

As Tex says, another Texas koinky-dink.

Follow the links off Wikipedia.

http://en.wikipedia.org/wiki/Yuri_Milner

http://en.wikipedia.org/wiki/Lawrence_Summers


http://en.wikipedia.org/wiki/Sheryl_Sandberg

22. **Tex** | May 7, 2012 at 11:21 am | [Permalink](#)



We must all remember that a few Russians made great wealth (billions) very quickly the last twenty years. They managed to stay "WAAYYYY" under the radar through the takeover of the oil and gas resources and other Russian markets. They apparently needed a way to legitimize their new wealth and get it out of Russia. At the

same time, the Zucksters apparently had some issues on numbers of shareholders allowed, certain disclosures tied to FB`s history, and other potential conflicts with US securities laws.....let`s add the fact that overseas markets were attractive to Goldman and the other vulture capitalists because the laws are less onerous. The Russians didn`t seem to mind those barriers and conflicts.....and who knew the Russians ? Summers and his followers. .BINGO, my little pea brain thinks that a relationship was hatched that was cleverly convoluted and purposely opaque.....not open and transparent as they claim.and now the Roadshow !! They all look so young and innocent.....The hacking of Leaders technology is tantamount to the Zucksters stealing the Coca Cola formula or the recipe for Kentucky Fried Chicken and taking it to Wallstreet , all the while, ballyhoing their brilliance.....the wider the scandal the more difficult it becomes to unravel. This one is global !!!!

23. **Sally Bishop** | May 7, 2012 at 11:28 am | 

[Permalink](#)

This finally explains how the Zuck received so much Harvard Crimson coverage between August 2003 and September 2004 (more than Presidents Clinton and Bush) — Larry Summers was PRESIDENT OF HARVARD then and custom-ORDERED the coverage. James Breyer and the other Harvard boys at Accel Partners probably told him about Leader`s technology and said they wanted it for their own. So, they cooked up the boy-genius story and the Zuck was willing to do it for the cabal. He has lived a blessed life ever since. Would that real entrepreneurship like McKibben and his team did for real were so easy.

Here`s all the Harvard Crimson coverage the 19-year old Zuck garnered:

<http://www.donnaklinenow.com/investigation/what-facebook-accel-partners-goldman-sachs-and-fenwick-west-dont-want-us-muppets-to-know#comment-814>

Here`s more discussion on that:

<http://facebook-technology-origins.blogspot.com/2011/08/mark-zuckerberg-used-leader-white-paper.html>

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**« /// JAMES W. BREYER'S
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