Anti-Trust Charges Filed Against the National Venture Capital Association “Crime Club”

By Carter Lee

The FBI, The SEC, The FTC, the U.S. Attorney General and the Civil Court system have been asked to investigate and prosecute a “Cartel organization” known as the National Venture Capital Association (NVCA), per documents filed this week.

This organization, created by CIA liaisons from a shady rogue group known as In-Q-Tel (funders of Google) James Breyer, Gilman Louie, as well as John Doerr, Eric Schmidt, Steve Jurvetson and other notorious Silicon Valley names, has been discovered to be operating a covert “boys club” which arranges collusion, price fixing, market rigging, political bribes, monopolies, black-lists, valuation rigging, stock pumps, and Flash Boy stock manipulations.

These billionaires use back-room meetings, secret databases, intelligence systems, coded Tweets, and private Google docs and DropBox boxes to rig the tech industry so that only their private club gets to decide which American tech companies get to live or die. Unless you were in their “elite family fraternity houses, you are simply grist for their mercenary mill...” say the charges.

This monopoly club began to get exposed in the notorious ***“AngelGate Scandal”.*** The spotlight focused even more tightly on them in the other twisted tech scandal known as ***“The Silicon Valley No-Poaching Conspiracy”***, in which a lawsuit revealed how far their collusion could go.

Because these men fund political campaigns that go all the way up to The White House, law enforcement has been slow to the gate. In every enforcement agency, though, there are a mix of Democrat and Republican employees. You only need a couple good cops to keep a case going. In federal agencies with thousands of investigators, there will always be a handful of “Elliot Ness”-motivated good guy cops from each political party. At least one of those will eventually get their man, or men, in this case.

The NVCA cartel rigged trillions of dollars of taxpayer money for themselves in the Department of Energy Cleantech Crash, The TARPP funding and NASA contracts. Now the chickens have come home to roost.

Angelgate is a controversy[1] surrounding allegations of price fixing and collusion among a group of ten angel investors in the San Francisco Bay Area.[2]

Emergence

The issue

The scandal began in September 2010 after Michael Arrington, editor of the TechCrunch publication, wrote in his blog that he had been turned away from a secret meeting among so-called "super angels" he knew,[3] held at Bin38, a wine bar in San Francisco's Marina District.[4] The participants at the meeting, among other things, discussed how they could compete with other angels, venture capitalists, and the Y Combinator business incubator for the limited pool of worthy investment opportunities.[5] Arrington said that after the meeting, he had been informed by two of the attendees that the investors

had discussed how to fix low valuations for new start-up companies, and how to keep better-funded venture capitalists from investing.[6]

The blog became the subject of discussion among the Silicon Valley start-up community over the next several days.[7][8] Investor Ron Conway, whose business partner attended the meeting, wrote an email highly critical of the angels involved and called the event "despicable and embarrassing".[9] Dave McClure, a well-known angel present at the event,[7] wrote in a blog that Arrington's account was inaccurate, and a tweet (later deleted) complaining about Conway.[10] Chris Sacca wrote a lengthy email that defended the participants and was critical of Conway, which was also leaked to TechCrunch.[11]

Aftermath and critique

Reports arose that the United States Federal Bureau of Investigation began reviewing the incident.[12]

There was skepticism that there was actually any collusion or that price fixing could succeed if it was attempted.[1][13][14] The event also gave rise to various online cultural phenomena. Among other things there was a flash mob at the wine bar, a Hitler *Downfall* parody, a spike in the establishment's Google rank, a number of Twitter jokes[4] (compiled on question-and-answer site Quora), and so-called "fakeplans" for super-angel meetups on the site plancast.com.[7] On Monday, September 27, 2010, Ron Conway, Dave McClure, Chris Sacca, and others appeared at a panel discussion hosted by Arrington at his "TechCrunch Disrupt" conference in San Francisco[15][16] where, despite Arrington's prodding, they avoided a "Jerry Springer moment".[17]

Other Articles on the AngelGate Scandal

- *Alexei Oreskovic (September 22, 2010). "Investor conspiracy theory grips Silicon Valley". Reuters.*
- *Mangalindan, JP (September 29, 2010). "Angel collusion: It's not necessarily a bad thing". Fortune Magazine.*
- *Russell Garland (September 24, 2010). "The Daily Start-Up: "AngelGate" Escalates". Wall Street Journal.*
- *Paolo Lucchesi (September 24, 2010). "AngelGate meeting scandal gives Bin 38 lots of free publicity, punchlines, and a Hitler parody.". San Francisco Chronicle.*
- *Neyfakh, Leon (September 28, 2010). "Paul Graham of Y Combinator Pulls Back the Curtain on What Goes On At His Start-Up Factory". New York Observer.*
- *Jameson Berkow (September 23, 2010). "The secret rulers of Silicon Valley". National Post.*
- *Maggie Shiels (September 23, 2010). "'Angelgate': A tech conspiracy?". BBC.*
- *"After Quiet Dinner, Angels Get Indigestion". New York Times. September 22, 2010.*
- *Patrick Hoge (September 23, 2010). "Ron Conway slams 'super angels' hard". San Francisco Business Times.*
- *Ryan Singel (September 24, 2010). "Showdown! Angels, Arrington to Go Mano a Mano". Wired*

Magazine.
- *Michael Arrington (September 26, 2010). "AngelGate: Chris Sacca Responds To Ron Conway". TechCrunch. Retrieved 5 June 2013.*
- *Patrick Hoge (September 23, 2010). "FBI reportedly looking into Angelgate". San Francisco Business Times.*
- *Dan Primack (September 22, 2010). "Super-angels have dinner, all hell breaks loose". Fortune Magazine.*
- *Alex Salkever (September 24, 2010). "AngelGate or Not, Controlling the Market in Hot Startups Is Impossible". Daily Finance.*
- *Nitasha Tiku (September 27, 2010). "How Michael Arrington's School of Friendship Journalism Led to 'AngelGate'". New York Magazine.*
- *Tomio Geron (September 27, 2010). "'AngelGate' Players Come Face To Face, But Fireworks Are Few". Wall Street Journal.*

17. *Jessica Guynn (September 27, 2010). "'AngelGate' disrupts TechCrunch conference but no 'Jerry Springer' moment". Los Angeles Times.*

- "A blogger walks into a bar" - Arrington's blog entry
- Subject: Super Angels Gathering - Ron Conway's letter (reproduced in TechCrunch)
- What are the best Bin 38 meeting jokes? - Quora compilation of meeting jokes

and the other conspiracy:

High-Tech Employee Antitrust Litigation is commonly called *The Silicon Valley No-Poaching Conspiracy.* It is a 2010 United States Department of Justice (DOJ) antitrust action and a 2013 civil class action against several Silicon Valley companies for alleged "no cold call" agreements which restrained the recruitment of high-tech employees. The defendants are Adobe, Apple Inc., Google, Intel, Intuit, Pixar, Lucasfilm and eBay, all high-technology companies with a principal place of business in the San Francisco–Silicon Valley area of California. The civil class action was filed by five plaintiffs, one of whom has died; additionally whistle-blowers Rajeev Motwani, Gary D. Conley, Ravi Kumar, and others, met deadly fates; it accused the tech companies of collusion between 2005 and 2009 to refrain from recruiting each other's employees.

"No cold call" agreements

Cold calling is one of the main methods used by companies in the high-technology sector to recruit employees with advanced and specialised skills, such as software and hardware engineers, programmers, animators, digital artists, Web developers and other technical professionals.[1] Cold calling involves communicating directly in any manner with another firm's employee who has not otherwise applied for a job opening. Cold calling may be done in person, by phone, letter, or email.[2] Cold calling is an effective method of recruiting for the high-technology sector because "employees of

other [high-technology] companies are often unresponsive to other recruiting strategies... [and] current satisfied employees tend to be more qualified, harder working, and more stable than those who are actively looking for employment."[3]

Amy Lambert, Google's associate general counsel, noted in a blog post shortly after the DOJ's actions, that Google's definition of cold calling does not necessarily eliminate recruiting by letter or email, but only the process of calling on the telephone. By implication, recruiting through LinkedIn incurs recruiting by "InMail" - LinkedIn's own mail contact system: "In order to maintain a good working relationship with these companies, in 2005 we decided not to "cold call" employees at a few of our partner companies. Our policy only impacted cold calling, and we continued to recruit from these companies through LinkedIn, job fairs, employee referrals, or when candidates approached Google directly. In fact, we hired hundreds of employees from the companies involved during this time period."

The challenged "no cold call" agreements are alleged bilateral agreements between high technology companies not to cold call each other's employees. The DOJ alleges that senior executives at each company negotiated to have their employees added to 'no call' lists maintained by human resources personnel or in company hiring manuals. The alleged agreements were not limited by geography, job function, product group, or time period. The alleged bilateral agreements were between: (1) Apple and Google, (2) Apple and Adobe, (3) Apple and Pixar, (4) Google and Intel, (5) Google and Intuit,[4] and (6) Lucasfilm and Pixar.[5]

The civil class action further alleges that agreements also existed to (1) "provide notification when making an offer to another [company]'s employee (without the knowledge or consent of the employee)" and (2) "agreements that, when offering a position to another company's employee, neither company would counteroffer above the initial offer."[3]

Department of Justice antitrust action

On September 24, 2010, the United States Department of Justice Antitrust Division filed a complaint in the US District Court for the District of Columbia alleging violations of Section 1 of the Sherman Act. In *US v. Adobe Systems Inc., et al.*, the Department of Justice alleged that Adobe, Apple, Google, Intel, Intuit, and Pixar had violated Section 1 of the Sherman Act by entering into a series of bilateral "No Cold Call" Agreements to prevent the recruitment of their employees (a similar but separate suit was filed against Lucasfilm on December 21, 2010[6]). The DOJ alleged in their Complaint that the companies had reached "facially anticompetitive" agreements that "eliminated a significant form of competition...to the detriment of the affected employees who were likely deprived of competitively important information and access to better job opportunities." The DOJ also alleged that the agreements "were not ancillary to any legitimate collaboration," "were much broader than reasonably necessary for the formation or implementation of any collaborative effort," and "disrupted the normal price-setting mechanisms that apply in the labor setting."[4] The same day it filed the suit, the DOJ and the

defendants proposed a settlement.[7]

A final judgment enforcing the settlement was entered by the court on March 17, 2011.[8] Although the DOJ Complaint only challenged the alleged "no cold call" agreements, in the settlement, the companies agreed to a more broad prohibition against "attempting to enter into, entering into, maintaining or enforcing any agreement with any other person to in any way refrain from, requesting that any person in any way refrain from, or pressuring any person in any way to refrain from soliciting, cold calling, recruiting, or otherwise competing for employees of the other person", for a period of five years; the court can grant an extension.[8] The settlement agreement does not provide any compensation for company employees affected by the alleged agreements.[9] Lucasfilm entered into a similar settlement agreement in December 2010.[5]

Civil class action

In re: High-Tech Employee Antitrust Litigation (U.S. District Court, Northern District of California 11-cv-2509 [10]) is a class-action lawsuit on behalf of over 64,000 employees of Adobe, Apple Inc., Google, Intel, Intuit, Pixar and Lucasfilm (the last two are subsidiaries of Disney) against their employer alleging that their wages were repressed due to alleged agreements between their employers not to hire employees from their competitors.[11][12] The case was filed on May 4, 2011 by a former software engineer at Lucasfilm and alleges violations of California's antitrust statute, Business and Professions Code sections 16720 et seq. (the "Cartwright Act"); Business and Professions Code section 16600; and California's unfair competition law, Business and Professions Code sections 17200, et seq. Focusing on the network of connections around former Apple CEO Steve Jobs, the Complaint alleges "an interconnected web of express agreements, each with the active involvement and participation of a company under the control of Steve Jobs...and/or a company that shared at least one member of Apple's board of directors." The alleged intent of this conspiracy was "to reduce employee compensation and mobility through eliminating competition for skilled labor."[13]

On October 24, 2013 the United States District Court for the Northern District of California granted class certification for all employees of Defendant companies from January 1, 2005 through January 1, 2010.[9]

As of October 31, 2013, Intuit, Pixar and Lucasfilm have reached a tentative settlement agreement. Pixar and Lucasfilm agreed to pay $9 million in damages, and Intuit agreed to pay $11 million in damages.[9] In May 2014, Judge Lucy Koh approved the $20 million settlement between Lucasfilm, Pixar, and Intuit and their employees. Class members in this settlement, which involved fewer than 8% of the 65,000 employees affected, will receive around $3,840 each.[14]

The trial of the class action for the remaining Defendant companies was scheduled to begin on May 27, 2014. The plaintiffs intended to ask the jury for $3 billion in compensation, a number which could in turn have tripled to $9 billion under antitrust law.[15] However, in late April 2014, the four remaining defendants, Apple Inc, Google, Intel and Adobe Systems, agreed to settle out of court. Any settlement must be approved by Judge Lucy Koh.[16][17]

On May 23, 2014, Apple, Google, Intel, Adobe agreed to settle for $324.5 million. Lawyers sought 25% in attorneys' fees, plus expenses of as much as $1.2 million, according to the filing. Additional award payments of $80,000 would be sought for each named plaintiff who served as a class representative.[18] Payouts will average a few thousand dollars based on the salary of the employee at the time of the complaint.

In June 2014, Judge Lucy Koh expressed concern that the settlement may not be a good one for the plaintiffs. Michael Devine, one of the plaintiffs, said the settlement is unjust. In a letter he wrote to the judge he said the settlement represents only one-tenth of the $3 billion in compensation the 64,000 workers could have made if the defendants had not colluded.[19]

On August 8, 2014, Judge Koh rejected the settlement as insufficient on the basis of the evidence and exposure. Rejecting a settlement is unusual in such cases. This left the defendants with a choice between raising their settlement offer or facing a trial.[20]

On September 8, 2014, Judge Koh set April 9, 2015 as the actual trial date for the remaining defendants, with a pre-trial conference scheduled for December 19, 2014. Also, as of early September 2014, the defendants had re-entered mediation to determine whether a new settlement could be reached. [21]

A final approval hearing was held on July 9, 2015.[22] On Wednesday September 2, 2015, Judge Lucy H. Koh signed an order granting Motion for Final Approval of Class Action Settlement. The settlement website stated that Adobe, Apple, Google, and Intel has reached a settlement of $415 million and other companies settled for $20 million.

According to the settlement website, Gilardi & Co., LLC distributed the settlement to class members the week of December 21, 2015.

One of the More Notorious Players

Role in illegal non-recruiting agreements

While working at Google, Eric Schmidt was involved in activities[36] that later became the subject of the High-Tech Employee Antitrust Litigation case that resulted in a settlement of $415 million paid by Adobe, Apple, Google and Intel to employees. In one incident, after receiving a complaint from Steve Jobs of Apple, Schmidt sent an email to Google's HR people saying; "I believe we have a policy of no recruiting from Apple and this is a direct inbound request. Can you get this stopped and let me know why this is happening? I will need to send a response back to Apple quickly so please let me know as soon as you can. Thanks Eric". Schmidt's email led to a recruiter for Google being "terminated within the hour" for not having adhered to the illegal scheme. Under Schmidt, there was a "Do Not Call list" of companies Google would avoid recruiting from.[37] According to a court filing, another email exchange shows Google's human resources director asking Schmidt about sharing its no-cold call agreements with competitors. Schmidt responded that he preferred it be shared "verbally, since I don't want to create a paper trail over which we can be sued later?".[36]

Other Articles on the AngelGate Scandal

- *Singer, Bill. "After Apple, Google, Adobe, Intel, Pixar, And Intuit, Antitrust Employment Charges Hit eBay". Forbes. Retrieved 2013-12-02.*
- *DOJ. "Complaint, US v. Adobe Systems Inc., et al" (PDF). DOJ. Retrieved 2013-12-02.*
- *"Complaint, Hariharan v. Adobe Systems Inc., et al" (PDF). Lieff, Cabraser, Heimann & Bernstein. Retrieved 2013-12-02.*
- *"Complaint, US v. Adobe Systems Inc., et al" (PDF). Department of Justice. Retrieved 2013-12-02.*
- *Richey, Warren. "Lucasfilm settles antitrust case over wage suppression of top animators". The Christian Science Monitor. Retrieved 2013-12-02.*
- *"Complaint, US v. Lucasfilm Ltd.". Department of Justice. Retrieved 2013-12-02.*
- *"Justice Department Requires Six High Tech Companies to Stop Entering into Anticompetitive Employee Solicitation Agreements" (Press release). United States Department of Justice. September 24, 2010. Retrieved 2016-01-14.*
- *"U.S. v. Adobe Systems, Inc., et al.: Final Judgment". United States Department of Justice. March 17, 2011. Retrieved 14 January 2016.*
- *"Judge OKs class-action suit against Apple, Intel, Google, Adobe". San Jose Mercury News. Retrieved 2013-12-02.*
- *Dan Levine (2014-04-24). "Apple, Google agree to settle lawsuit alleging hiring conspiracy". Chicago Tribune. Reuters. Retrieved 2016-01-17.*
- *Rosenblatt, Joel. "Apple, Google Must Face Group Antitrust Hiring Lawsuit". Bloomberg. Retrieved 2013-10-27.*
- *"Judge Grants Class-Action Status in Silicon Valley Hiring Suit". The Wall Street Journal. 2002-10-03. Retrieved 2013-10-27.*
- *"Complaint, Hariharan v. Adobe Systems Inc., et al" (PDF). Lieff, Cabraser, Heimann & Bernstein. Retrieved 2013-12-02.*
- *Cooley, Brian (2014-05-16). "Judge approves first payout in antitrust wage-fixing lawsuit". CNET. Retrieved 2016-01-17.*
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- *Levine, Dan (2014-04-24). "Apple, Google agree to settle lawsuit alleging hiring conspiracy". Reuters. Retrieved 2016-01-17.*
- *"Apple, Google, Intel, Adobe Settle for $324.5 Million". Bloomberg News. Retrieved 2014-05-26.*
- *"Judge questions settlement in Silicon Valley no-poaching case". San Jose Mercury News.*

2014-06-19. Retrieved 2016-01-17.

- *"Court Rejects Deal on Hiring in Silicon Valley". The New York Times. 9 August 2014.*
- *"Judge Koh Sets April 2015 Trial In Tech Anti-Poach Row". Retrieved 2015-01-13.*

22. *"Court preliminarily approves $415m settlement of high-tech no-poaching lawsuit". Retrieved 2015-06-30.*

- Docket for US v. Adobe Systems Inc., et al.
- Docket for US v. Lucasfilm Ltd.
- The Silicon Valley Anti-Poaching Conspiracy
- Docket for In re: High-Tech Employee Antitrust Litigation
- Order Granting Plaintiffs' Supplemental Motion for Class Certification, *In re High-Tech Employee Antitrust Litigation*, no 11-CV-02509 (N.D. Cal. Oct. 24, 2013)
- High-Tech Employee Antitrust Litigation Settlement Administration Website
- http://pando.com/tag/techtopus/
- *http://pando.com/2014/03/30/court-docs-google-hiked-wages-to-combat-hot-young-facebook-after-sheryl-sandberg-refused-to-join-hiring-cartel/

HSBC “Swiss Leaks”, hacked documents, ex-employee testimony, surveillance records and the combined dockets of multiple past cases now reveal the true intentions, strategies, covert manipulations and illegal anti-trust actions of this Silicon Valley “Crime Club”.

Using database code signals on sites such as www.gust.com, a public venture funding blog, as well as secret DropBox accounts, this insiders club of “Venture Capitalists”, as they called themselves, were able to black-list, and run defamation “hit-jobs” on inventors, and entrepreneurs, who were too good at inventing technologies that put their existing holdings out of business. Criminal charges have been demanded from the FBI, FTC, SEC and Attorney General. Civil anti-trust lawsuits are underway.

Hopefully these actions will correct the sad state of affairs that Silicon Valley has fallen into at the hands of this mercenary, misogynistic old white frat house “boys club”.