

SILICON VALLEY INVESTORS TURN OUT TO BE THE BIGGEST SCUM BAGS ON EARTH

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[San Francisco venture capitalist dubbed 'Silicon Valley's Party Animal' is convicted of fraud totalling \\$19 million and now faces up to 60 years in prison](#)



Michael Brent Rothenberg, who was raised in Georgetown, Texas , used his dense network of successful friends to set up his own VC fund in 2012.

San Francisco venture capitalist Michael Rothenberg dubbed 'Silicon Valley's Party Animal' is convicted of fraud totalling \$19 million and now faces up to 60 years in prison

- This month, Michael Rothenberg, 39, was convicted of wire fraud, money laundering, bank fraud, and making false statements to a bank
- Rothenberg bolstered his VC firm with a series of show-stopping events - including soirees at the Giants stadium and hot-air balloons on wine tours

By [Claudia Aoraha](#).

A San Francisco venture capitalist who was once dubbed 'Silicon Valley's Party Animal' has been convicted of fraud totalling \$19 million - and now faces up to 60 years in prison.

Michael Brent Rothenberg, who was raised in a Jehovah's Witness family in Georgetown, [Texas](#), used his dense network of successful Ivy League friends to set up his own VC fund in 2012 based on the strategy of throwing opulent parties.

He rubbed shoulders with Mark Zuckerberg, rented out baseball stadiums for networking events, and threw all-day-and-night parties in a bid to attract investors and companies to invest in.

[Every millionaire from Silicon Valley](#)

This month, Rothenberg, 39, was convicted of wire fraud, money laundering, bank fraud, and making false statements to a bank - after being investigated by the [FBI](#).

His guilty verdicts followed a seven-week jury trial, which showed that Rothenberg's VC schemes resulted in approximately \$18.8 million in missing money.



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Michael Brent Rothenberg, who was raised in Georgetown, Texas, used his dense network of successful Ivy League friends to set up his own VC fund in 2012 based on the strategy of throwing parties. At one party hosted by Rothenberg Ventures in February 2014, he was pictured wearing a t-shirt with the slogan: 'Well behaved founders rarely make history'



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He held a Founder Field Day once a year in April — where he rented out AT&T park so founders, investors, and VCs could network while playing baseball. The day of keynote speeches was followed by race car rides and a private concert. The event was so audacious that it was parodied by HBO's TV show Silicon Valley



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An image from one of the company's lavish parties in April 2015

The jury found Rothenberg, 39, committed wire fraud at two of the venture capital funds that he managed in 2015 and 2016.

Rothenberg founded Rothenberg Ventures Management Company, and between 2012 and 2018, he used it to raise and manage four annual venture capital funds.

In 2015, Rothenberg founded River Studios - but he told his employees and investors, that the venture had been 'self-funded' by him and that no venture capital funds were used. This was a lie, the jury found.

The Department of Justice said in a statement: 'The evidence showed, however, that Rothenberg misappropriated a large amount of venture capital fund money to pay for River Studios' operations during that period.

'In addition to using venture capital funds to pay for River Studios' operations, the evidence also showed that Rothenberg routinely took excess fees from the venture capital funds that he managed throughout 2015 and 2016 and that investors' funds were routinely used for purposes other than as represented to fund investors, such as to pay for RVMC's operating expenses and to secure a line of credit taken out from Silicon Valley Bank by RVMC in late 2015.'

'The evidence presented at trial showed that, accordingly, Rothenberg engaged in a scheme to defraud Silicon Valley Bank by making false statements and misrepresentations to the bank to obtain a \$4 million line of credit to pay back the fund from which he had taken excess fees.

Rothenberg will be sentenced on March 1, 2024.



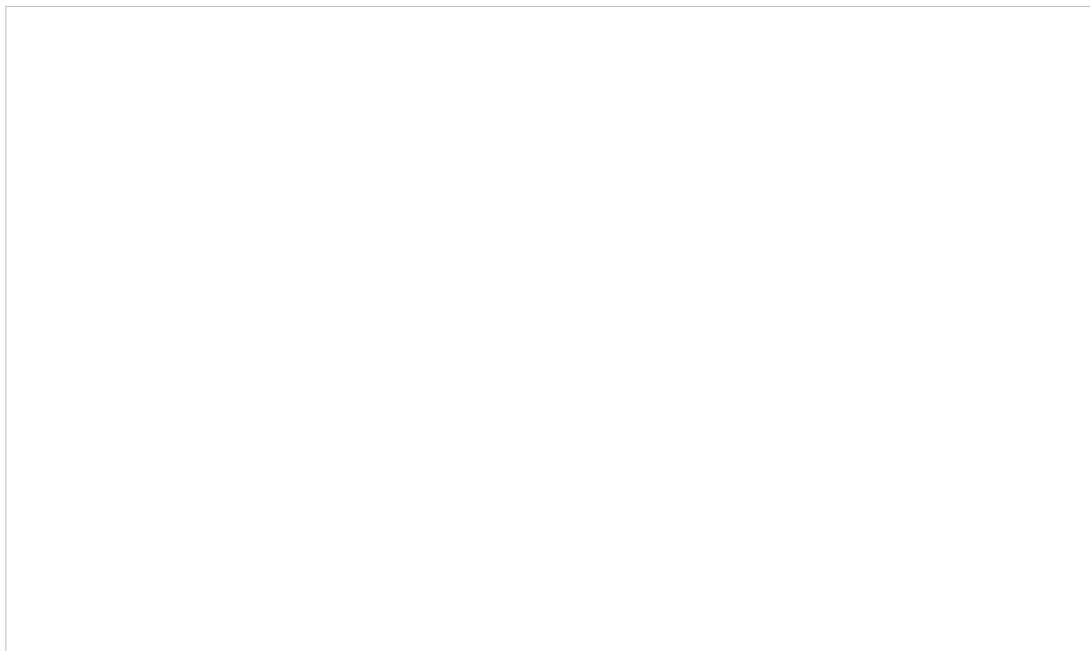
Rothenberg toasts to a group of his friends and colleagues in May 2013. He founded Rothenberg Ventures Management Company, and between 2012 and 2018, he used it to raise and manage four annual venture capital funds

The 'Party Animal' of Silicon Valley had a resume very similar to his peers within the multi-million dollar world of start-ups - he was a Stanford and Harvard grad who went on to work at Bain & Company in his 20s.

Rothenberg was known as 'The Machine' during his management science and engineering degree at Stanford. He was part of the Sigma Nu fraternity - and one of his best friends and frat brothers was Kevin Systrom, Instagram's co-founder.

It was Rothenberg who actually introduced Systrom to Meta's [Mark Zuckerberg](#), years before he acquired Instagram for \$1 billion. The meeting happened in Rothenberg's college dorm room.

Rothenberg hosted Zuckerberg at his frat in 2006 - and he also mingled with LinkedIn's founder Reid Hoffman and ex-CEO of Yahoo Marissa Mayer at events he held at Stanford.



After his MBA at Harvard University, and inspired by his 50 friends who already had high-turnover and lucrative companies, he founded Rothenberg Ventures in 2012 after accruing \$5 million in his first fund.

He leaned on his network for both investors and companies to invest in, and his secret weapon was his love for socializing.



Rothenberg (pictured at a party in USA shorts) was known as 'The Machine' during his management science and engineering degree at Stanford. He was part of the Sigma Nu fraternity - and one of his best friends and frat brothers was Kevin Systrom, Instagram's co-founder



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Rothenberg (fifth from left) pictured laughing with his VC colleagues



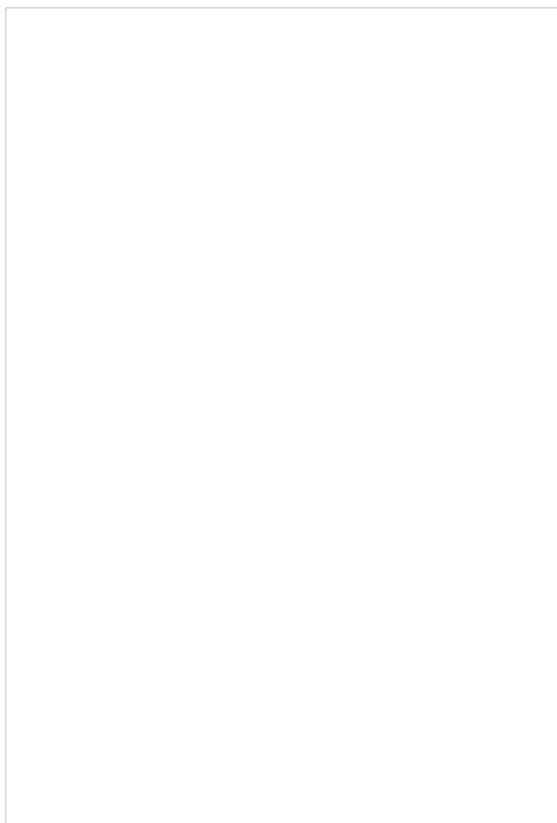
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The founder (left, pictured at a party in 2015) tried to keep a culture of 'awesome' at the firm, so he would give out VR headsets to his Millennial staff members instead of bonuses, and throw networking parties to keep momentum going

Rothenberg bolstered his new firm with a series of show-stopping events - including soirees at the Giants stadium, hot-air balloons on wine tours of Napa Valley, BBQs flanked with ponies and dancers, and sponsored car races.

He tried to keep a culture of 'awesome' at the firm, so he would give out VR headsets to his Millennial staff members instead of bonuses, and throw networking parties to keep momentum going.



Rothenberg used his dense social network, lavish events, and his young energy to make a name for himself in the VC world in California - but many of these attributes led to his downfall.

He told [Bloomberg](#), who first called him the 'Party Animal' of Silicon Valley: 'Semantics do matter to us. These are not parties—they have business agendas. The way we build a scalable network is by hosting a lot of events.'

The outlet predicted in 2015: 'Rothenberg Ventures' lavish parties are the firm's primary strategy, but it's unclear if the plan is sustainable.'



At one party hosted by Rothenberg Ventures in February 2014, he was pictured wearing a t-shirt with the slogan: 'Well behaved founders rarely make history.'

Rothenberg had set a goal of hosting 100 networking events a year.



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A picture of friends, investors, and colleagues of the founder at one of his firm's parties in 2014



Rothenberg speaking at his 2016 founder's day - compared to An image from HBO's Silicon Valley, in a scene where they spoofed the event



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An image from a Rothenberg Ventures party in April 2015



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In September 2016, the firm dropped Rothenberg's name from its title, replacing it with Frontier Tech Venture Capital after he was being investigated

He also held a Founder Field Day once a year in April — where he rented out AT&T park so founders, investors, and VCs could network while playing baseball.

The day of keynote speeches was followed by race car rides and a private concert.



The event was so audacious that it was parodied by HBO's TV show Silicon Valley.

When it was first announced that the SEC would investigate Rothenberg, he wrote an email to his investors: 'We are in the unfortunate position of having people who are trying to take us down, and they're doing a good job.'

'Juicy gossip sells clicks, and this is your update letter #2 this week. I have not taken adequate time to offboard employees, leaving open the possibility for disgruntled employees and then brutal press attacks.'

'It is in the best interest of you as LPs to let the SEC know that this is an internal accounting issue that we are handling so that we can take the time necessary to sort everything out.'

But soon, things started to slip. In September 2016, the firm dropped Rothenberg's name from its title, replacing it with Frontier Tech Venture Capital after news that he was being federally investigated.



He told [WRED](#) in 2016: 'I was overextended. I was putting too much focus on our portfolio companies and connecting the companies with our advisors and LPs, and not enough internally. I didn't have the right controls. I didn't hire and fire well.'

A federal grand jury indicted Rothenberg in August 2020.

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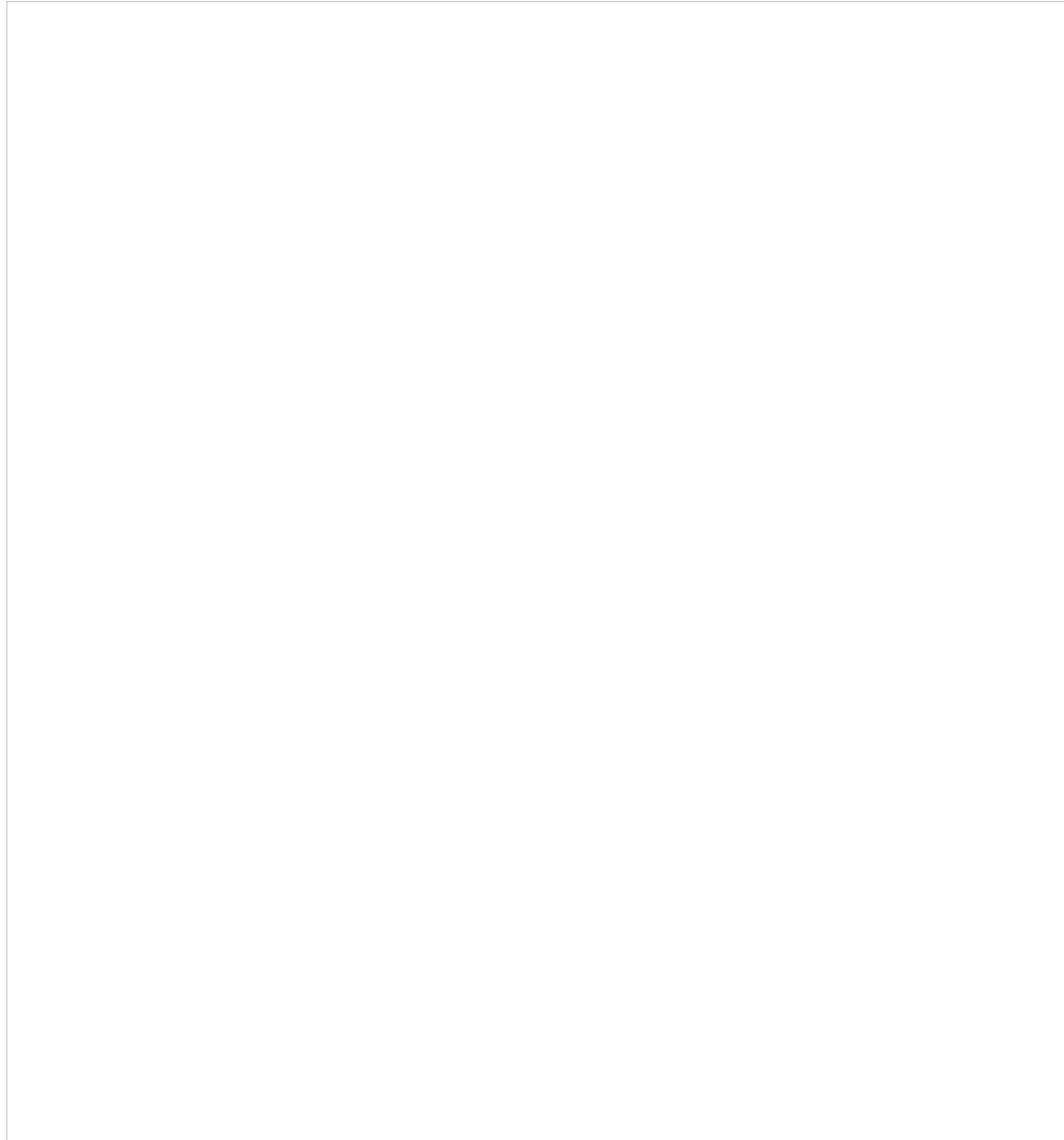


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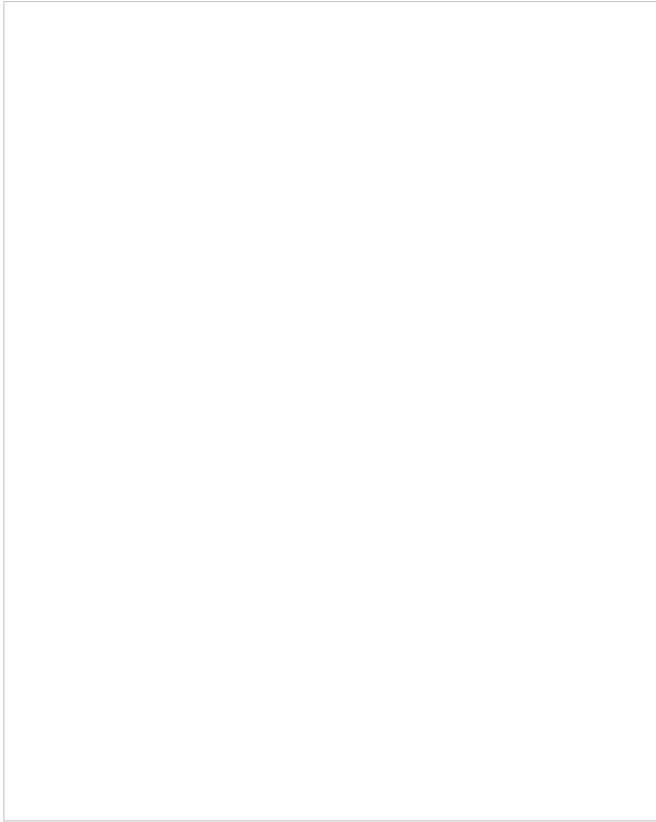
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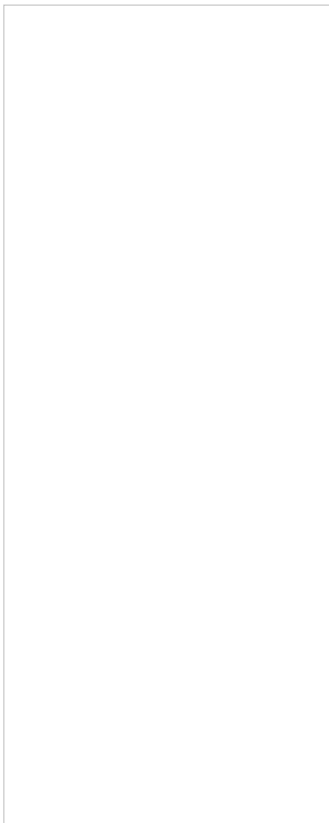


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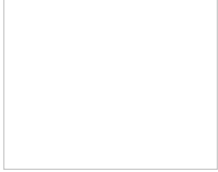
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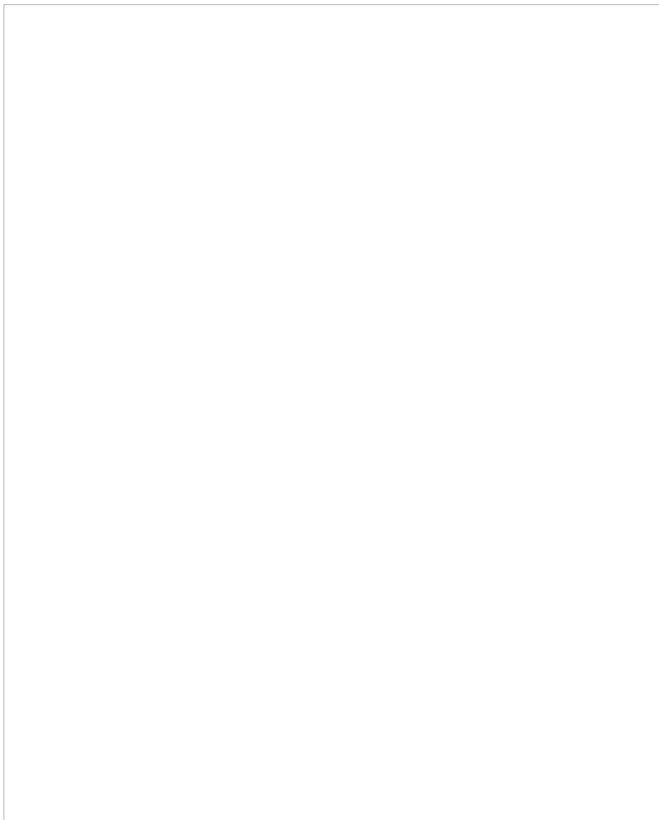
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