The National Venture Capital Association (NVCA) Is The Mafia

March 2018 Update

The NVCA Cartel sabotages start-ups that compete with their Cartel, steals and copies technologies they see in pitches, bribes Senators, runs intern sex coercion and prostitute clubs, practices off-shore money laundering and are racist, misogynist, Jewish, white fraternity elitists who conspire and collude via covert databases.

They need to be arrested and charged with SEC, FEC, FTC and Federal conspiracy RICO law violations!

While the NVCA pushes PR hype that they are “helping to grow the future”, it is a lie.

They hunt for technologies to kill if they compete with their current monopolies.

These men are the reason you don’t have jet packs or flying cars. They won’t allow technologies to exist that compete with what they already control.

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Elon Musk’s Scumbag Buddy: Steve Jurvetson, Hides Out To Protect The Brand Of Corrupt NVCA Venture Capital Firm Amid Investigation

By CLAIRE CAIN MILLER, KATIE BENNER and JODI KANTOR

Steve Jurvetson, a founding partner of one of the best-known venture capital firms in Silicon Valley and a board member of Tesla and SpaceX, is leaving the firm after it began an investigation into his behavior with women, the firm told investors on Monday.

“As of today and by mutual agreement, Steve Jurvetson will be leaving DFJ,” said a confidential letter sent to investors in the venture capital firm, Draper Fisher Jurvetson, and obtained by The New York Times.

It continued, “DFJ’s culture has been, and will continue to be, built on the values of respect and integrity in all of our interactions.”

The firm’s spokeswoman, Carol Wentworth, confirmed his departure, and a Tesla spokeswoman said he is taking a leave of absence from the Tesla and SpaceX boards “pending resolution of these allegations.” Last month, the firm said it became aware of “indirect and secondhand allegations” about Mr. Jurvetson and was looking into them. The acknowledgment came after Keri Kukral, a tech entrepreneur, wrote on Facebook: “Women approached by a founding partner of Draper Fisher Jurvetson should be careful. Predatory behavior is rampant.”

Heidi Roizen, an operating partner at DFJ, defended the firm last month. “I don’t need an investigation to state with certainty that this is patently wrong,” she wrote in a Tumblr post. She added that the firm had never received an official allegation of misconduct

The inquiry is still going on. The firm did not say what in particular it was investigating, or comment on the timing of Mr. Jurvetson’s departure.

The venture capitalist Steve Jurvetson speaking in Helsinki in 2016. Rex Features, via Associated Press Images

On Monday, he wrote on Twitter, “I am leaving DFJ to focus on personal matters, including taking legal action against those whose false statements have defamed me.”

> I am leaving DFJ to focus on personal matters, including taking legal action against those whose false statements have defamed me.
>
> — Steve Jurvetson (@dfjsteve) Nov. 13, 2017

Mr. Jurvetson has been a fixture in Silicon Valley. He was an early investor in Hotmail and other successful companies, and is seen about town with tech celebrities like Elon Musk and the cast of the TV show “Silicon Valley.”

His departure shows how allegations of sexual misconduct have continued to reverberate since detailed reports emerged over the summer about widespread sexual harassment of female entrepreneurs by venture investors. In Silicon Valley, the power dynamic is particularly stark. Venture capitalists, who are almost all men, hold an extraordinary amount of power, controlling the money that start-up entrepreneurs need to try to turn their idea into the next billion-dollar company. The system largely runs on reputation and word of mouth. Venture capital firms generally have no human resources officials, and entrepreneurs are not employees of the investors.Several high-profile men in the industry have stepped down from their jobs after harassment allegations, including Dave McClure, who founded the start-up incubator 500 Start-ups, and Tom Frangione, the chief operating officer of one of the oldest venture capital firms, Greylock Partners. Several other men issued apologies, sometimes while denying allegations of misconduct at the same time.

As more women in the technology and venture capital industries have come forward to discuss episodes of harassment and discrimination, some prominent women in venture capital have created a group called Female Founder Office Hours, which aims to pair female entrepreneurs with successful women in venture capital who can offer advice and support as they found companies.

“Creating more successful women in tech is a huge part of what needs to happen for the industry to change,” said Jess Lee, a partner at Sequoia Capital.

The venture industry’s trade association, the National Venture Capital Association, began a monthslong listening tour with founders and investors. In an interview in August, Bobby Franklin, the president of the association, said that he was spending more time on the harassment issue than anything else. “I’ve called for the first time in my four-year tenure a special board meeting to discuss this,” he said.

Sexual harassment scandal shakes insular, influential venture capital world

Jessica Guynn and Jon Swartz, **USA TODAY**

The recent sexual harrasment allegations that have swept through Silicon Valley have put the spotlight on the male dominated world of venture capitalists. Buzz60

SAN FRANCISCO — Unnerving allegations about sexual harassment and predatory behavior by a prominent venture capitalist have shattered the cone of silence around the clubby, male-dominated profession, threatening more embarrassing public disclosures about the influential financiers who control the spigot of wealth in Silicon Valley.

"We're seeing that VCs need to take these claims much more seriously. It's no longer something that can be swept under the rug," said Susan Ho, co-founder and CEO of travel planning service Journy.

Ho was one of six women who accused Binary Capital partner Justin Caldbeck of making unwanted sexual advances, with several saying the misconduct took place when they sought funding or guidance on their businesses — explosive allegations that have brought the venture capital firm Caldbeck co-founded to the brink of collapse.

"In the Binary case, there's been a real and significant financial impact that we haven't ever seen before. Because of that, it's in VCs' own interests to not only adopt a strict policy when it comes to this kind of behavior, but also to be proactive in calling it out instead of being seen as enabling it," Ho said.

Caldbeck was forced to resign Sunday. A second partner, Matt Mazzeo, also resigned and the third, Jonathan Teo, has offered to resign over "continued questions regarding my behavior," according to news site Axios. Limited partners have already voted to wind down Binary Capital's latest $175 million fund.

Two start-ups funded by Binary Capital, Havenly and Dia, have terminated their board relationships. A third, business messaging start-up Assist, has requested to buy backits investment from Binary Capital and end any working relationship with the venture firm.

In the meantime, the venture capital firm is being sued by a former Binary Capital employee, Ann Lai, for harassment and defamation. Lai, who was a principal specializing in data and analytics, says she left Binary Capital last year because of a "sexist and sexual environment" which involved inappropriate conduct with female staff at firm events and comments about the attractiveness of Lai and female start-up founders, according to the lawsuit.

The growing crisis that has engulfed Binary Capital has exposed what has long been an open secret in Silicon Valley, that the man's world of venture capital has few women investing partners, funds few women-founded start-ups and some of its members treat women poorly.

It has also demonstrated that women aren't going to take it anymore.

“Female entrepreneurs are a critical part of the fabric of Silicon Valley," says Stitch Fix CEO Katrina Lake, who complained about Caldbeck while he was at venture capital firm Lightspeed.

"It’s important to expose the type of behavior that’s been reported in the last few weeks, so the community can recognize and address these problems," Lake said in a statement.

The problems have been around as long as Silicon Valley has. Powerful men in the tech industry using their position to harass women who are trying to build companies or careers. The women who are victims of this behavior — six in 10 women in tech said they experienced harassment, according to a recent survey — are the ones who must take the risks to their future livelihood of exposing it.

For years mentioning sexual harassment was like “dropping a nuclear bomb on your career," says Maha Ibrahim, a 17-year VC veteran who is a general partner at Canaan Partners.

The gender discrimination lawsuit that Ellen Pao unsuccessfully brought against prominent venture capital firm Kleiner Perkins Caufield & Byers put the spotlight on the scarcity of women and minorities and entrenched patterns of gender bias in the profession. *(Photo: Justin Sullivan, Getty Images)*

But the climate in Silicon Valley has changed dramatically since Susan Fowler, a female software engineer, reached millions on her personal blog with a detailed account of rampant sexism at ride-hailing company Uber. More women have begun speaking out, flooding social media with raw recollections ripped from their work lives of being subjected to leering bosses, crude remarks and being groped and assaulted.

Ho says she and her Journy co-founder Leiti Hsu agonized over going on the record to tech news site The Information with their allegations against Caldbeck. Ho says Caldbeck sent her a suggestive text late at night while they were in the process of discussing an investment in her start-up. Hsu says he groped her thigh under the table at a bar. A third woman entrepreneur who went on the record was Niniane Wang, chief executive of 3-D animation company Evertoon, who alleged that Caldbeck tried to sleep with her while recruiting her for a job.

"Even while the above was happening, we both initially shrugged it off because the incredibly sad and unfortunate fact is that this type of behavior is all too commonplace. ... We said to ourselves, 'Women in all industries deal with shit like this every day.It’s nothing new—let’s just get back to work so we can build this business and win,'" Ho, CEO of Journy, wrote in a post on Medium this week. "But we can’t normalize this behavior anymore."

Before he resigned from Binary Capital, Caldbeck issued an apology for his behavior.

"It is outrageous and unethical for any person to leverage a position of power in exchange for sexual gain, it is clear to me now that that is exactly what I've done," he wrote.

For years mentioning sexual harassment was like “dropping a nuclear bomb on your career," says Maha Ibrahim, a 17-year VC veteran who is a general partner at Canaan Partners. *(Photo: Martin E. Klimek, USA TODAY)*

Venture capital firms have been called on to make sweeping changes in the demographics of their investing partners and of the company founders they back. Those calls grew ever louder with the gender discrimination lawsuit brought against prominent venture capital firm Kleiner Perkins Caufield & Byers. Ellen Pao lost the case against her former employer but international news coverage of the trial put the spotlight on the scarcity of women and minorities and entrenched patterns of gender bias in the profession.

Kleiner Perkins partner John Doerr was famous for saying the most telling traits of the world's greatest entrepreneurs is "they all seem to be white, male nerds who've dropped out of Harvard or Stanford and they absolutely have no social life."

"So," he said, "when I see that pattern coming in — which was true of Google — it was very easy to decide to invest."

After the Pao trial, Doerr struck a different tone, saying: "We collectively are pathetic on the issue."

"It is really hard to be the only female on an engineering team," he said, "the only African-American in the board room. It’s good to be talking about this issue."

Yet, by and large, venture capital firms have failed to representation of women and minorities in their ranks or to fund more companies started by women and minorities.

"Things just haven’t improved much for years. A (male) VC just told me their firm wouldn’t hire a woman at that level to avoid another Ellen Pao situation," Ibrahim said.

Women, African Americans and Latinos are still significantly underrepresented in venture capital, with few holding decision-making positions, according to a report released by National Venture Capital Association and Deloitte University Leadership Center for Inclusion in December.

Women make up 45% of the venture capital work force, mostly in administrative roles, but just 11% of investment partners, or the equivalent, on venture investment teams.

Previous studies have consistently shown that venture capitalists are predominantly white men who, in turn, mostly fund companies started and run by other men. As a result, women and minorities have been largely left out of one of the world's greatest wealth creation machines. Venture capital firms provide early cash infusions to companies they bet will go on to be tomorrow's Apples, Facebooks and Googles.

When prominent venture capitalist Michael Moritz was asked in 2015 why his firm Sequoia Capital at the time had no female investing partners, he said he had not been able to find any who were qualified. His comment blew up social media and he apologized. Sequoia Capital has since added one female investing partner in the U.S.

With so few partner-level jobs at venture capital firms held by women, those firms are limiting the scope of their potential audience, says Victoria Fram, managing partner at venture firm Village Capital, which invests heavily in female-led start-ups.

"The Silicon Valley business model is narrow because most VCs only invest in entrepreneurs who fit the bro model," she says.

How Silicon Valley And The NCVA Is Looting America's Pension Funds

All across America, The grabbing money meant for public workers

Illustration by Victor Juhasz

By Matt Taibbi

In the final months of 2011, almost two years before the city of Detroit would shock America by declaring bankruptcy in the face of what it claimed were insurmountable pension costs, the state of Rhode Island took bold action to avert what it called its own looming pension crisis. Led by its newly elected treasurer, Gina Raimondo – an ostentatiously ambitious 42-year-old Rhodes scholar and former venture capitalist – the state declared war on public pensions, ramming through an ingenious new law slashing benefits of state employees with a speed and ferocity seldom before seen by any local government.

Called the Rhode Island Retirement Security Act of 2011, her plan would later be hailed as the most comprehensive pension reform ever implemented. The rap was so convincing at first that the overwhelmed local burghers of her little petri-dish state didn't even know how to react. "She's Yale, Harvard, Oxford – she worked on Wall Street," says Paul Doughty, the current president of the Providence firefighters union. "Nobody wanted to be the first to raise his hand and admit he didn't know what the fuck she was talking about."

Soon she was being talked about as a probable candidate for Rhode Island's 2014 gubernatorial race. By 2013, Raimondo had raised more than $2 million, a staggering sum for a still-undeclared candidate in a thimble-size state. Donors from Wall Street firms like Goldman Sachs, Bain Capital and JPMorgan Chase showered her with money, with more than $247,000 coming from New York contributors alone. A shadowy organization called EngageRI, a public-advocacy group of the 501(c)4 type whose donors were shielded from public scrutiny by the infamous Citizens United decision, spent $740,000 promoting Raimondo's ideas. Within Rhode Island, there began to be whispers that Raimondo had her sights on the presidency. Even former Obama right hand and Chicago mayor Rahm Emanuel pointed to Rhode Island as an example to be followed in curing pension woes. What few people knew at the time was that Raimondo's "tool kit" wasn't just meant for local consumption. The dynamic young Rhodes scholar was allowing her state to be used as a test case for the rest of the country, at the behest of powerful out-of-state financiers with dreams of pushing pension reform down the throats of taxpayers and public workers from coast to coast. One of her key supporters was billionaire former Enron executive John Arnold – a dickishly ubiquitous young right-wing kingmaker with clear designs on becoming the next generation's Koch brothers, and who for years had been funding a nationwide campaign to slash benefits for public workers.

Nor did anyone know that part of Raimondo's strategy for saving money involved handing more than $1 billion – 14 percent of the state fund – to hedge funds, including a trio of well-known New York-based funds: Dan Loeb's Third Point Capital was given $66 million, Ken Garschina's Mason Capital got $64 million and $70 million went to Paul Singer's Elliott Management. The funds now stood collectively to be paid tens of millions in fees every single year by the already overburdened taxpayers of her ostensibly flat-broke state. Felicitously, Loeb, Garschina and Singer serve on the board of the Manhattan Institute, a prominent conservative think tank with a history of supporting benefit-slashing reforms. The institute named Raimondo its 2011 "Urban Innovator" of the year.

The state's workers, in other words, were being forced to subsidize their own political disenfranchisement, coughing up at least $200 million to members of a group that had supported anti-labor laws. Later, when Edward Siedle, a former SEC lawyer, asked Raimondo in a column for Forbes.com how much the state was paying in fees to these hedge funds, she first claimed she didn't know. Raimondo later told the Providence Journal she was contractually obliged to defer to hedge funds on the release of "proprietary" information, which immediately prompted a letter in protest from a series of freaked-out interest groups. Under pressure, the state later released some fee information, but the information was originally kept hidden, even from the workers themselves. "When I asked, I was basically hammered," says Marcia Reback, a former sixth-grade schoolteacher and retired Providence Teachers Union president who serves as the lone union rep on Rhode Island's nine-member State Investment Commission. "I couldn't get any information about the actual costs."

This is the third act in an improbable triple-fucking of ordinary people that Wall Street is seeking to pull off as a shocker epilogue to the crisis era. Five years ago this fall, an epidemic of fraud and thievery in the financial-services industry triggered the collapse of our economy. The resultant loss of tax revenue plunged states everywhere into spiraling fiscal crises, and local governments suffered huge losses in their retirement portfolios – remember, these public pension funds were some of the most frequently targeted suckers upon whom Wall Street dumped its fraud-riddled mortgage-backed securities in the pre-crash years.

Today, the same Wall Street crowd that caused the crash is not merely rolling in money again but aggressively counterattacking on the public-relations front. The battle increasingly centers around public funds like state and municipal pensions. This war isn't just about money. Crucially, in ways invisible to most Americans, it's also about blame. In state after state, politicians are following the Rhode Island playbook, using scare tactics and lavishly funded PR campaigns to cast teachers, firefighters and cops – not bankers – as the budget-devouring boogeymen responsible for the mounting fiscal problems of America's states and cities.

The federal rescue of Wall Street didn’t fix the economy – it created a permanent bailout state based on a Ponzi-like confidence scheme. And the worst may be yet to come.

Not only did these middle-class workers already lose huge chunks of retirement money to huckster financiers in the crash, and not only are they now being asked to take the long-term hit for those years of greed and speculative excess, but in many cases they're also being forced to sit by and watch helplessly as Gordon Gekko wanna-be's like Loeb or scorched-earth takeover artists like Bain Capital are put in charge of their retirement savings.

It's a scam of almost unmatchable balls and cruelty, accomplished with the aid of some singularly spineless politicians. And it hasn't happened overnight. This has been in the works for decades, and the fighting has been dirty all the way.

There's $2.6 trillion in state pension money under management in America, and there are a lot of fingers in that pie. Any attempt to make a neat Aesop narrative about what's wrong with the system would inevitably be an oversimplification. But in this hugely contentious, often overheated national controversy – which at times has pitted private-sector workers who've mostly lost their benefits already against public-sector workers who are merely about to lose them – two key angles have gone largely unreported. Namely: who got us into this mess, and who's now being paid to get us out of it.

The siege of America's public-fund money really began nearly 40 years ago, in 1974, when Congress passed the Employee Retirement Income Security Act, or ERISA. In theory, this sweeping regulatory legislation was designed to protect the retirement money of workers with pension plans. ERISA forces employers to provide information about where pension money is being invested, gives employees the right to sue for breaches of fiduciary duty, and imposes a conservative "prudent man" rule on the managers of retiree funds, dictating that they must make sensible investments and seek to minimize loss. But this landmark worker-protection law left open a major loophole: It didn't cover public pensions. Some states were balking at federal oversight, and lawmakers, naively perhaps, simply never contemplated the possibility of local governments robbing their own workers.

Politicians quickly learned to take liberties. One common tactic involved illegally borrowing cash from public retirement funds to finance other budget needs. For many state pension funds, a significant percentage of the kitty is built up by the workers themselves, who pitch in as little as one and as much as 10 percent of their income every year. The rest of the fund is made up by contributions from the taxpayer. In many states, the amount that the state has to kick in every year, the Annual Required Contribution (ARC), is mandated by state law.

Chris Tobe, a former trustee of the Kentucky Retirement Systems who blew the whistle to the SEC on public-fund improprieties in his state and wrote a book called Kentucky Fried Pensions, did a careful study of states and their ARCs. While some states pay 100 percent (or even more) of their required bills, Tobe concluded that in just the past decade, at least 14 states have regularly failed to make their Annual Required Contributions. In 2011, an industry website called 24/7 Wall St. compiled a list of the 10 brokest, most busted public pensions in America. "Eight of those 10 were on my list," says Tobe.

It's bad enough that the banks strangled the Dodd-Frank law. Even worse is the way they did it - with a big assist from Congress and the White House.

Among the worst of these offenders are Massachusetts (made just 27 percent of its payments), New Jersey (33 percent, with the teachers' pension getting just 10 percent of required payments) and Illinois (68 percent). In Kentucky, the state pension fund, the Kentucky Employee Retirement System (KERS), has paid less than 50 percent of its ARCs over the past 10 years, and is now basically butt-broke – the fund is 27 percent funded, which makes bankrupt Detroit, whose city pension is 77 percent full, look like the sultanate of Brunei by comparison.

Here's what this game comes down to. Politicians run for office, promising to deliver law and order, safe and clean streets, and good schools. Then they get elected, and instead of paying for the cops, garbagemen, teachers and firefighters they only just 10 minutes ago promised voters, they intercept taxpayer money allocated for those workers and blow it on other stuff. It's the governmental equivalent of stealing from your kids' college fund to buy lap dances. In Rhode Island, some cities have underfunded pensions for decades. In certain years zero required dollars were contributed to the municipal pension fund. "We'd be fine if they had made all of their contributions," says Stephen T. Day, retired president of the Providence firefighters union. "Instead, after they took all that money, they're saying we're broke. Are you fucking kidding me?"

There's an arcane but highly disturbing twist to the practice of not paying required contributions into pension funds: The states that engage in this activity may also be committing securities fraud. Why? Because if a city or state hasn't been making its required contributions, and this hasn't been made plain to the ratings agencies, then that same city or state is actually concealing what in effect are massive secret loans and is actually far more broke than it is representing to investors when it goes out into the world and borrows money by issuing bonds. Some states have been caught in the act of doing this, but the penalties have been so meager that the practice can be considered quasi-sanctioned. For example, in August 2010, the SEC reprimanded the state of New Jersey for serially lying about its failure to make pension contributions throughout the 2000s. "New Jersey failed to provide certain present and historical financial information regarding its pension funding in bond-disclosure documents," the SEC wrote, in seemingly grave language. "The state was aware of . . . the potential effects of the underfunding." Illinois was similarly reprimanded by the SEC for lying about its failure to make its required pension contributions. But in neither of these cases were the consequences really severe. So far, states get off with no monetary fines at all. "The SEC was mistaken if they think they sent a message to other states," Tobe says.

But for all of this, state pension funds were more or less in decent shape prior to the financial crisis of 2008. The country, after all, had been in a historic bull market for most of the 1990s and 2000s and politicians who underpaid the ARCs during that time often did so assuming that the good times would never end. In fact, prior to the crash, state pension funds nationwide were cumulatively running a surplus. But then the crash came, and suddenly states everywhere were in a real, no-joke fiscal crisis. Tax revenues went in the crapper, and someone had to take the hit. But who? Cuts to corporate welfare and a rolled-up-newspaper whack of new taxes on the guilty finance sector seemed a good place to start, but it didn't work out that way. Instead, it was then that the legend of pension unsustainability was born, with the help of a pair of unlikely allies.

Most people think of Pew Charitable Trusts as a centrist, nonpartisan organization committed to sanguine policy analysis and agnostic number crunching. It's an odd reputation for an organization that was the legacy of J.

Howard Pew, president of Sun Oil (the future Sunoco) during its early 20th-century petro-powerhouse days and a kind of australopithecine precursor to a Tea Party leader. Pew had all the symptoms: an obsession with the New Deal as a threat to free society, a keen appreciation for unreadable Austrian economist F.A. Hayek and a hoggish overuse of the word "freedom." Pew and his family left nearly $1 billion to a series of trusts, one of which was naturally called the "Freedom Trust," whose mission was, in part, to combat "the false promises of socialism and a planned economy."

From tech stocks to high gas prices, Goldman Sachs has engineered every major market manipulation since the Great Depression -- and they're about to do it again

Still, for decades Pew trusts engaged in all sorts of worthy endeavors, including everything from polling to press criticism. In 2007, Pew began publishing an annual study called "The Widening Gap," which aimed to use states' own data to show the "gap" between present pension-fund levels and future obligations. The study quickly became a leading analysis of the "unfunded liability" question.

In 2011, Pew began to align itself with a figure who was decidedly neither centrist nor nonpartisan: 39-year-old John Arnold, whom CNN/Money described (erroneously) as the "second-youngest self-made billionaire in America," after Mark Zuckerberg. Though similar in wealth and youth, Arnold presented the stylistic opposite of Zuckerberg's signature nerd chic: He's a lipless, eager little jerk with the jug-eared face of a Division III women's basketball coach, exactly what you'd expect a former Enron commodities trader to look like. Anyone who has seen the Oscar-winning documentary The Smartest Guys in the Roomand remembers those tapes of Enron traders cackling about rigging energy prices on "Grandma Millie" and jamming electricity rates "right up her ass for fucking $250 a megawatt hour" will have a sense of exactly what Arnold's work environment was like.
In fact, in the book that the movie was based on, the authors portray Arnold bragging about his minions manipulating energy prices, praising them for "learning how to use the Enron bat to push around the market." Those comments later earned Arnold visits from federal investigators, who let him get away with claiming he didn't mean what he said.

As Enron was imploding, Arnold played a footnote role, helping himself to an $8 million bonus while the company's pension fund was vaporizing. He and other executives were later rebuked by a bankruptcy judge for looting their own company along with other executives. Public pension funds nationwide, reportedly, lost more than $1.5 billion thanks to their investments in Enron.

In 2002, Arnold started a hedge fund and over the course of the next few years made roughly a $3 billion fortune as the world's most successful natural-gas trader. But after suffering losses in 2010, Arnold bowed out of hedge-funding to pursue "other interests." He had created the Arnold Foundation, an organization dedicated, among other things, to reforming the pension system, hiring a Republican lobbyist and former chief of staff to Dick Armey named Denis Calabrese, as well as Dan Liljenquist, a Utah state senator and future Tea Party challenger to Orrin Hatch.

Soon enough, the Arnold Foundation released a curious study on pensions. On the one hand, it admitted that many states had been undercontributing to their pension funds for years. But instead of proposing that states correct the practice, the report concluded that "the way to create a sound, sustainable and fair retirement-savings program is to stop promising a [defined] benefit."

A Senate committee has laid out the evidence. Now the Justice Department should bring criminal charges

In 2011, Arnold and Pew found each other. As detailed in a new study by progressive think tank Institute for America's Future, Arnold and Pew struck up a relationship – and both have since been proselytizing pension reform all over America, including California, Florida, Kansas, Arizona, Kentucky and Montana. Few knew that Pew had a relationship with a right-wing, anti-pension zealot like Arnold. "The centrist reputation of Pew was a key in selling a lot of these ideas," says Jordan Marks of the National Public Pension Coalition. Later, a Pew report claimed that the national "gap" between pension assets and future liabilities added up to some $757 billion and dryly insisted the shortfall was unbridgeable, minus some combination of "higher contributions from taxpayers and employees, deep benefit cuts and, in some cases, changes in how retirement plans are structured and benefits are distributed."

What the study didn't say was that this supposedly massive gap could all be chalked up to the financial crisis, which, of course, had been caused almost entirely by the greed and wide-scale fraud of the financial-services industry – particularly with regard to state pension funds.

A study by noted economist Dean Baker at the Center for Economic Policy and Research bore this out. In February 2011, Baker reported that, had public pension funds not been invested in the stock market and exposed to mortgage-backed securities, there would be no shortfall at all. He said state pension managers were of course somewhat to blame, but only "insofar as they exercised poor judgment in buying the [finance] industry's services."

In fact, Baker said, had public funds during the crash years simply earned modest returns equal to 30-year Treasury bonds, then public-pension assets would be $850 billion richer than they were two years after the crash. Baker reported that states were short an additional $80 billion over the same period thanks to the fact that post-crash, cash-strapped states had been paying out that much less of their mandatory ARC payments.
So even if Pew's numbers were right, the "unfunded liability" crisis had nothing to do with the systemic unsustainability of public pensions. Thanks to a deadly combination of unscrupulous states illegally borrowing from their pensioners, and unscrupulous banks whose mass sales of fraudulent toxic subprime products crashed the market, these funds were out some $930 billion. Yet the public was being told that the problem was state workers' benefits were simply too expensive.

In a way, this was a repeat of a shell game with retirement finance that had been going on at the federal level since the Reagan years. The supposed impending collapse of Social Security, which actually should be running a surplus of trillions of dollars, is now repeated as a simple truth. But Social Security wouldn't be "collapsing" at all had not three decades of presidents continually burgled the cash in the Social Security trust fund to pay for tax cuts, wars and God knows what else. Same with the alleged insolvencies of state pension programs. The money may not be there, but that's not because the program is unsustainable: It's because bankers and politicians stole the money.

Still, the public mostly bought the line being sold by Arnold, Pew and other anti-pension figures like the Koch brothers. To most, it didn't matter who was to blame: What mattered is that the money was gone, and there seemed to be only two possible paths forward. One led to bankruptcy, a real-enough threat that had already ravaged places like Vallejo, California; Jefferson County, Alabama; and, this summer, Detroit. In Rhode Island, the tiny town of Central Falls went bust in 2011, and even after a court-ordered plan lifted the town out of bankruptcy in 2012, the "rescue" left pensions slashed as much as 55 percent. "You had guys who were living off $24,000, and now they're getting $12,000," says Day. Though Day and his fellow retirees are still fighting reform, he says other union workers might rather settle than file bankruptcy. Holding up an infamous local-newspaper picture of a retired Central Falls policeman in a praying posture, as though begging not to have his whole pension taken away, Day sighs. "Guys take one look at this picture and that's it. They're terrified."

Such images chilled many public workers into accepting the second path – the kind of pension reform meagerly touted by one-percent-friendly politicians like Gina Raimondo. Anyone could see that "reform" meant giving up cash. But the other parts of these schemes were murkier. Most pension-reform proposals required that states must go after higher returns by seeking out "alternative investments," which sounds harmless enough. But we are now finding out what that term actually means – and it's a little north of harmless.

Looting Main Street

How the nation's biggest banks are ripping off American cities with the same predatory deals that brought down Greece.

One of the most garish early experiments in "alternative investments" came in Ohio in the late 1990s, after the Republican-controlled state assembly passed a law loosening restrictions on what kinds of things state funds could invest in. Sometime later, an investigation by the Toledo Bladerevealed that the Ohio Bureau of Workers' Compensation had bought into rare-coin funds run by a GOP fundraiser named Thomas Noe. Through Noe, Ohio put $50 million into coins and "other collectibles" – including Beanie Babies.

The scandal had repercussions all over the country, but not what you'd expect. James Drew, one of the reporters who broke the story, notes that a consequence of "Coingate" was that states stopped giving out information about where public money is invested. "If they learned anything, it's not to stop doing it, but to keep it secret," says Drew.

In fact, in recent years more than a dozen states have carved out exemptions for hedge funds to traditional Freedom of Information Act requests, making it impossible in some cases, if not illegal, for workers to find out where their own money has been invested.

The way this works, typically, is simple: A hedge fund will refuse to take a state's business unless it first provides legal guarantees that information about its investments won't be disclosed to the public. The ostensible justifications for these outrageous laws are usually that disclosing commercial information about hedge funds would place them at a "competitive disadvantage."

In 2010, the University of California reinvested its pension fund with a venture-capital group called Sequoia Capital, which in turn is a backer of a firm called Think Finance, whose business is payday lending – a form of short-term, extremely high-interest rate lending that's basically loan-sharking without the leg-breaking, and is banned in 15 states and D.C. According to American Banker, Think Finance partnered with a Native American tribe to get around state interest-rate caps; someone borrowing $250 in its "plain green loans" program would owe $440 after 16 weeks, for a tidy annual percentage rate of 379 percent. In a more recent case, the pension fund of L.A. County union workers invested in an Embassy Suites hotel that is trying to prevent janitors and other employees from organizing. California passed a law in 2005 making hedge-fund investments secret.

How foreclosure courts are helping big banks screw over homeowners.

The American Federation of Teachers this spring released a list of financiers who had been connected with lobbying efforts against defined-benefit plans. Included on that list was hedge-funder Loeb of Third Point Capital, who sits on the board of StudentsFirstNY, a group that advocates for an end to these traditional plans for public workers – that is, pensions that promise a guaranteed payout based on one's salary and years of service. When Rhode Island union rep Reback complained about hiring funds whose managers had anti-labor histories, she was told the state couldn't make decisions based on political leanings of fund managers. That same month, Rhode Island moved to disinvest its workers' money from firearms distributors in the wake of the Sandy Hook shooting.

Hedge funds have good reason to want to keep their fees hidden: They're insanely expensive. The typical fee structure for private hedge-fund management is a formula called "two and twenty," meaning the hedge fund collects a two percent fee just for showing up, then gets 20 percent of any profits it earns with your money. Some hedge funds also charge a mysterious third fee, called "fund expenses," that can run as high as half a percent – Loeb's Third Point, for instance, charged Rhode Island just more than half a percent for "fund expenses" last year, or about $350,000. Hedge funds will also pass on their trading costs to their clients, a huge additional line item that can come to an extra percent or more and is seldom disclosed. There are even fees states pay for withdrawing from certain hedge funds.

In public finance, hedge funds will sometimes give slight discounts, but the numbers are still enormous. In Rhode Island, over the course of 20 years, Siedle projects that the state will pay $2.1 billion in fees to hedge funds, private-equity funds and venture-capital funds. Why is that number interesting? Because it very nearly matches the savings the state will be taking from workers by freezing their Cost of Living Adjustments – $2.3 billion over 20 years.

"That's some 'reform,'" says Siedle.

"They pretty much took the COLA and gave it to a bunch of billionaires," hisses Day, Providence's retired firefighter union chief.

When asked to respond to criticisms that the savings from COLA freezes could be seen as going directly into the pockets of billionaires, treasurer Raimondo replied that it was "very dangerous to look at fees in a vacuum" and that it's worth paying more for a safer and more diverse portfolio. She compared hedge funds – inherently high-risk investments whose prospectuses typically contain front-page disclaimers saying things like, WARNING: YOU MAY LOSE EVERYTHING – to snow tires. "Sure, you pay a little more," she says. "But you're really happy you have them when the roads are slick."

Raimondo recently criticized the high-fee structure of hedge funds in the Wall Street Journal and told Rolling Stone that "'two and twenty' doesn't make sense anymore," although she hired several funds at precisely those fee levels back before she faced public criticism on the issue. She did add that she was monitoring the funds' performance. "If they underperform, they're out," she says.

And underperforming is likely. Even though hedge funds can and sometimes do post incredible numbers in the short-term – Loeb's Third Point notched a 41 percent gain for Rhode Island in 2010; the following year, it earned -0.54 percent. On Wall Street, people are beginning to clue in to the fact – spikes notwithstanding – that over time, hedge funds basically suck. In 2008, Warren Buffett famously placed a million-dollar bet with the heads of a New York hedge fund called Protégé Partners that the S&P 500 index fund – a neutral bet on the entire stock market, in other words – would outperform a portfolio of five hedge funds hand-picked by the geniuses at Protégé.

Five years later, Buffett's zero-effort, pin-the-tail-on-the-stock-market portfolio is up 8.69 percent total. Protégé's numbers are comical in comparison; all those superminds came up with a 0.13 percent increase over five long years, meaning Buffett is beating the hedgies by nearly nine points without lifting a finger.

Union leaders all over the country have started to figure out the perils of hiring a bunch of overpriced Wall Street wizards to manage the public's money. Among other things, investing with hedge funds is infinitely more expensive than investing with simple index funds. On Wall Street and in the investment world, the management price is measured in something called basis points, a basis point equaling one hundredth of one percent. So a state like Rhode Island, which is paying a two percent fee to hedge funds, is said to be paying an upfront fee of 200 basis points.

How much does it cost to invest public money in a simple index fund? "We've paid as little as .875 of a basis point," says William Atwood, executive director of the Illinois State Board of Investment. "At most, five basis points."

So at the low end, Atwood is paying 200 times less than the standard two percent hedge-fund fee. As an example, Atwood says, the state of Illinois paid a fee of just $57,000 last year on $550 million of public money they put into an S&P 500 index fund, which, again, is exactly the sort of plain-vanilla investment that Warren Buffett used to publicly kick the ass of Wall Street's cockiest hedge fund.

The fees aren't even the only costs of "alternative investments." Many states have engaged middlemen called "placement agents" to hire hedge funds, and those placement agents – typically people with ties to state investment boards – are themselves paid enormous sums, often in the millions, just to "introduce" hedge funds to politicians holding the checkbook.

The bank has defrauded everyone from investors and insurers to homeowners and the unemployed. So why does the government keep bailing it out?

In Kentucky, Tobe and Siedle found that KRS, the state pension funds, had paid a whopping $14 million to placement agents between 2004 and 2009. In Atlanta, a member of the city pension board complained to the SEC that the city had hired a consultant, Larry Gray, who convinced the city pension fund to invest $28 million in a hedge fund he himself owned. Raimondo says she never hired placement agents, but the state did pay a $450,000 consulting fee to a firm called Cliffwater LLC.

Doughty says the endless system of highly paid middlemen reminds him of old slapstick comedies. "It's like the Three Stooges," he says. "When you ask them what happened, they're all pointing in different directions, like, 'He did it!'"

Even worse, placement agents are also often paid by the alternative investors. In California, the Apollo private-equity firm paid a former CalPERS board member named Alfred Villalobos a staggering $48 million for help in securing investments from state pensions, and Villalobos delivered, helping Apollo receive $3 billion of CalPERS money. Villalobos got indicted in that affair, but only because he'd lied to Apollo about disclosing his fees to CalPERS. Otherwise, despite the fact that this is in every way basically a crude kickback scheme, there's no law at all against a placement agent taking money from a finance firm. The Government Accountability Office has condemned the practice, but it goes on.

"It's a huge conflict of interest," says Siedle.

So when you invest your pension money in hedge funds, you might be paying a hundred times the cost or more, you might be underperforming the market, you may be supporting political movements against you, and you often have to pay what effectively is a bribe just for the privilege of hiring your crappy overpaid money manager in the first place. What's not to like about that? Who could complain?

The global economic crisis isn't about money - it's about power.

Once upon a time, local corruption was easy. "It was votes for jobs," Doughty says with a sigh. A ward would turn out for a councilman, the councilman would come back with jobs from city-budget contracts – that was the deal. What's going on with public pensions is a more confusing modern version of that local graft. With public budgets carefully scrutinized by everyone from the press to regulators, the black box of pension funds makes it the only public treasure left that's easy to steal. Politicians quietly borrow millions from these funds by not paying their ARCs, and it's that money, plus the savings from cuts made to worker benefits in the name of "emergency" pension reform, that pays for an apparently endless regime of corporate tax breaks and handouts. A notorious example in Rhode Island is, of course, 38 Studios, the doomed video-game venture of blabbering, Christ-humping ex-Red Sox pitcher Curt Schilling, who received a $75 million loan guarantee from the state at a time when local politicians were pleading poverty. "This whole thing isn't just about cutting payments to retirees," says syndicated columnist David Sirota, who authored the Institute for America's Future study on Arnold and Pew. "It's about preserving money for corporate welfare." Their study estimates states spend up to $120 billion a year on offshore tax loopholes and gifts to dingbats like Schilling and other subsidies – more than two and a half times as much as the $46 billion a year Pew says states are short on pension payments.

The bottom line is that the "unfunded liability" crisis is, if not exactly fictional, certainly exaggerated to an outrageous degree. Yes, we live in a new economy and, yes, it may be time to have a discussion about whether certain kinds of public employees should be receiving sizable benefit checks until death. But the idea that these benefit packages are causing the fiscal crises in our states is almost entirely a fabrication crafted by the very people who actually caused the problem. It's like Voltaire's maxim about noses having evolved to fit spectacles, so therefore we wear spectacles. In this case, we have an unfunded-pension-liability problem because we've been ripping retirees off for decades – but the solution being offered is to rip them off even more.

Is the SEC Covering Up NVCA Crimes?

Matt Taibbi: A whistle blower says the agency has illegally destroyed thousands of documents, letting financial crooks off the hook.

Everybody following this story should remember what went on in the immediate aftermath of the crash of 2008, when the federal government was so worried about the sanctity of private contracts that it doled out $182 billion in public money to AIG. That bailout guaranteed that firms like Goldman Sachs and Deutsche Bank could be paid off on their bets against a subprime market they themselves helped overheat, and that AIG executives could be paid the huge bonuses they naturally deserved for having run one of the world's largest corporations into the ground. When asked why the state was paying those bonuses, Obama economic adviser Larry Summers said, "We are a country of law. . . . The government cannot just abrogate contracts."

Now, though, states all over the country are claiming they not only need to abrogate legally binding contracts with state workers but also should seize retirement money from widows to finance years of illegal loans, giant fees to billionaires like Dan Loeb and billions in tax breaks to the Curt Schillings of the world. It ain't right. If someone has to tighten a belt or two, let's start there. If we've still got a problem after squaring those assholes away, that's something that can be discussed. But asking cops, firefighters and teachers to take the first hit for a crisis caused by reckless pols and thieves on Wall Street is low, even by American standards.

Meet In-Q-Tel, the CIA’s And The NVCA'S Corrupt Venture Capital Firm

Corbett

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CLICK HERE to watch the full report on Boiling Frogs Post.

TRANSCRIPT AND SOURCES:

Gainspan Corporation manufactures low power Wi-Fi semiconductors that form the heart of modern remote sensing, monitoring and control technologies.

Recorded Future Inc. is a Massachusetts web startup that monitors the web in real time and claims its media analytics search engine can be used to predict the future.

Keyhole Corp. created the 3D earth visualization technology that became the core of Google Earth.

The common denominator? All of these companies, and hundreds more cutting edge technology and software startups, have received seed money and investment funding from In-Q-Tel, the CIA’s own venture capital firm.

Welcome, this is James Corbett of The Corbett Report with your Eyeopener Report for BoilingFrogsPost.com

For decades, the Defense Advanced Research Projects Agency, or DARPA, has been the American governmental body tasked with conducting high-risk, high-payoff research into cutting edge science and technology. Responsible most famously for developing the world’s first operational packet switching network that eventually became the core of the Internet, DARPA tends to garner headlines these days for some of its more outlandish research proposals and is generally looked upon a a blue-sky research agency whose endeavours only occasionally bear fruit.

In the post-9/11 consolidation of the American intelligence community, IARPA, or the Intelligence Advanced Research Projects Agency, was created to serve as the spymaster’s equivalent of DARPA’s defense research.

In contrast to this, In-Q-Tel was formed by the CIA in 1999 as a private, not-for-profit venture capital firm with the specific task of delivering technology to America’s intelligence community.

Publicly, In-Q-Tel markets itself as an innovative way to leverage the power of the private sector by identifying key emerging technologies and providing companies with the funding to bring those technologies to market.

In reality, however, what In-Q-Tel represents is a dangerous blurring of the lines between the public and private sectors in a way that makes it difficult to tell where the American intelligence community ends and the IT sector begins.

In-Q-Tel has generated a number of stories since its inception based on what can only be described as the “creepiness” factor of its investments in overtly Orwellian technologies.

In 2004, KMWorld published an interview with Greg Pepus, then In-Q-Tel's senior director of federal and intelligence community strategy, about some of their investments. Pepus was especially proud of the CIA's investment in Inxight, a company that offered software for data mining unstructured data sources like blogs and websites with analytical processing.

In 2006 it was revealed that AT&T had provided NSA eavesdroppers full access to its customer's internet traffic, and that the American intelligence community was illegally scooping up reams of internet data wholesale. The data mining equipment installed in the NSA back door, a Narus STA 6400, was developed by a company whose partners were funded by In-Q-Tel.

Also in 2006, News21 reported on an In-Q-Tel investment in CallMiner, a company developing technology for turning recorded telephone conversations into searchable databases. In late 2005 it was revealed that the NSA had been engaged in an illegal warrantless wiretapping program since at least the time of the 9/11 attacks, monitoring the private domestic phone calls of American citizens in breach of their fourth amendment rights.

In 2009, the Telegraph reported on In-Q-Tel's investment in Visible Technologies, a companyspecializing in software that monitors what people are saying on social media websites like YouTube, Twitter, Flickr and Amazon. The software is capable of real-time communications tracking, trend monitoring, and even sentiment analysis that categorizes blog posts and comments as positive, negative or neutral. Just last month, the Federal Reserve tendered a Request For Proposal for just this type of software so the privately owned central bank could monitor what people are saying about it online.

Two of the names that come up most often in connection with In-Q-Tel, however, need no introduction: Google and Facebook.

The publicly available record on the Facebook/In-Q-Tel connection is tenuous. Facebook received $12.7 million in venture capital from Accel, whose manager, James Breyer, now sits on their board. He was formerly the chairman of the National Venture Capital Association, whose board included Gilman Louie, then the CEO of In-Q-Tel. The connection is indirect, but the suggestion of CIA involvement with Facebook, however tangential, is disturbing in the light of Facebook's history of violating the privacy of its users.

Google's connection to In-Q-Tel is more straightforward, if officially denied. In 2006, ex-CIA officer Robert David Steele told Homeland Security Today that Google "has been taking money and direction for elements of the US Intelligence Community, including the Office of Research and Development at the Central Intelligence Agency, In-Q-Tel, and in all probability, both the National Security Agency (NSA) and the Army's Intelligence and Security Command." Later that year, a blogger claimed that an official Google spokesman had denied the claims, but no official press statement was released.

Steele's accusation is not the only suggestion of American intelligence involvement with Google, however.

In 2005, In-Q-Tel sold over 5,000 shares of Google stock. The shares are widely presumed to have come from In-Q-Tel's investment in Keyhole Inc., which was subsequently bought out by Google, but this is uncertain.

In 2010, it was announced that Google was working directly with the National Security Agency to secure its electronic assets.

Also in 2010, Wired reported that In-Q-Tel and Google had jointly provided venture capital funding to Recorded Future Inc., a temporal analytics search engine company that analyzes tens of thousands of web sources to predict trends and events.

But as potentially alarming as In-Q-Tel's connections to internet giants like Facebook and Google are, and as disturbing as its interest in data mining technologies may be, the CIA's venture capital arm is interested in more than just web traffic monitoring.

The In-Q-Tel website currently lists two "practice areas," "Information and Communication Technologies" and "Physical and Biological Technologies." The latter field consists of "capabilities of interest" such as "The on-site determination of individual human traits for IC purposes" and "Tracking and/or authentication of both individuals and objects." In-Q-Tel also lists two areas that are "on its radar" when it comes to biotech: Nano-bio Convergence and Physiological Intelligence. Detailed breakdowns of each area explain that the intelligence community is interested in, amongst other things, self-assembling batteries, single molecule detectors, targeted drug delivery platforms, and sensors that can tell where a person has been and what substances he has been handling from "biomarkers" like trace compounds in the breath or samples of skin.

In the years since its formation, many have been led to speculate about In-Q-Tel and its investments, but what requires no speculation is an understanding that a privately owned venture capital firm, created by and for the CIA, in which well-connected board members drawn from the private sector can then profit from the investments made with CIA funds that itself come from the taxpayer represent an erosion of the barrier between the public and private spheres that should give even the most credulous pause for thought.

What does it mean that emerging technology companies are becoming wedded to the CIA as soon as their technology shows promise?

What can be the public benefit in fostering and encouraging technologies which can be deployed for spying on all internet users, including American citizens, in direct contravention of the CIA's own prohibitions against operating domestically?

If new software and technology is being brought to market by companies with In-Q-Tel advisors on their boards, what faith can anyone purchasing American technologies have that their software and hardware is not designed with CIA backdoors to help the American intelligence community achieve its vision of "Total Information Awareness"?

Rather than scrutinizing each individual investment that In-Q-Tel makes, perhaps an institutional approach is required.

At this point, the American people have to ask themselves whether they want the CIA, an agency that has participated in the overthrow of foreign, democratically-elected governments, an agency that has implanted fake stories in the news media to justify American war interests, an agency that at this very moment is engaged in offensive drone strikes, killing suspected "insurgents" and civilians alike in numerous theaters around the world, should be entrusted with developing such close relationships with the IT sector, or whether In-Q-Tel should be scrapped for good.

1. Octium says:

   CIA’s Venture Capital Arm Is Funding Skin Care Products That Collect DNA

   “KINCENTIAL SCIENCES, a company with an innovative line of cosmetic products marketed as a way to erase blemishes and soften skin… Documents obtained by The Intercept reveal that the firm has also attracted interest and funding from In-Q-Tel”

   https://theintercept.com/2016/04/08/cia-skincare-startup

   Log in to Reply

   - Corbett says:

     04/09/2016 at 11:24 pm

     Thanks for the tip. I’ve just tweeted this and it’s in this week’s newsletter.

     Log in to Reply

   -

2. BuddhaForce says:

   List of In-Q-Tel Investments
   http://thememoryhole2.org/blog/in-q-tel-investments

3.

How Big Brother Seeded the NVCA 'Tech Revolution’

Corbett •

by James Corbett
BoilingFrogsPost.com

Earlier this week Wired Magazine released a background check of Steve Jobs conducted by the Department of Defense in 1988. The background check highlights Jobs’ use of LSD in the 1970s and his fears of blackmail or kidnapping due to his substantial wealth. The check was part of a security clearance investigation conducted by the DoD during Jobs’ tenure at Pixar, an investigation that was first revealed earlier this year. Precisely what Steve Jobs needed security clearance for has not yet been revealed, but that Jobs did have some relationship with the Department of Defence will come as no surprise to those who know the long and intimate history between the US military, the US intelligence apparatus, and Silicon Valley.

The Valley was born in the post-World War II era when then-provost of Stanford College, Frederick Terman, proposed the creation of Stanford Industrial Park, now known as the Stanford Research Park. The land was to be leased out to high-tech firms created by Stanford's graduate students and alumni.

Terman himself had an interesting history as a radio engineer and researcher who was called upon by the US government to direct the top secret Radio Research Laboratory at Harvard University during World War II. While there, Terman and his researchers developed some of the earliest signals intelligence and electronic intelligence equipment, including radar detectors, radar jammers and aluminum chaff to be used as countermeasures against German anti-air defenses.

Upon his return to Stanford after the war, Terman brought his experience, and his military contacts, with him, and began transforming the San Francisco Bay Area into a high-tech research hotspot dubbed "Microwave Valley."

In 1951, William Shockley, one of the co-inventors of the transistor, set up the Shockley Semiconductor Laboratory in Mountain View, California, current day home of Google Inc. Although unsuccessful as a businessman himself, defectors from his company would go on to found the core of the Silicon Valley enterprises, including Intel Corporation, National Semiconductor, and Advanced Micro Devices.

As the Microwave Valley of Terman began to gave way to the Silicon Valley of Shockley, an avowed eugenicist who argued for the sterilization of the less intelligent, so too did the nature of US government involvement in the technology industry itself. Rather than directly hiring the technology companies to produce the technology, consumer electronics would increasingly be regulated, directed, overseen and infiltrated by government workers, who could then use that technology as the basis for a worldwide signals intelligence operation, directed not at the militaries of foreign countries, but at the population of the world as a whole.

Although many are by now familiar with the roots of the Internet in the ARPANET, the world's first interconnected packet switching network, with funding from the DoD's Defense Advanced Research Projects Agency, few are aware of just how much modern technology was originally funded by or created for government, military and intelligence agency customers.

In 1958 Mitre Corporation was founded with workers from a US Air Force anti-air defense project and continues to this day to support numerous government agencies with systems engineering and IT development, including the DoD, DHS, FAA and IRS. It is currently chaired by ex-Director of Central Intelligence James Schlesinger.

In 1977 Software Development Laboratories created the first Oracle database on contract for their customer, the CIA. Within 25 years, virtually every Fortune 100 company in the world would rely on Oracle databases to manage their information.

The Global Positioning System program, which is now an integral part of everything from car navigation systems to smartphone apps, was created by the Department of Defense. After the KAL 007 disaster, the system was committed to civilian uses including air traffic monitoring.

More important than these open interventions in the IT sector, however, are the ways that the hand of the US government in the development of modern hardware and software has been hidden behind a smokescreen of venture capital companies. Effectively, this modern system of funding for key tech startups has hidden the intimate relations that continue to exist between Silicon Valley and the heart of America's intelligence apparatus.

As we reported last year, In-Q-Tel was set up in 1999 as the CIA's venture capital firm to identify and acquire emerging technologies for the use of the intelligence community. Since then, they have gone on to invest in an array of companies touting various Orwellian, privacy-invading technologies that would be of significant interest to a government increasingly bent on becoming a 21st century Big Brother.

A mere degree of separation from In-Q-Tel itself, however, are the venture capitalists who funded, amongst other ventures, PayPal, Facebook and Google. Former In-Q-Tel CEO Gilman Louie sat on the board of the National Venture Capital Association with Jim Breyer, head of Accel Partners, who provided 12 million dollars of seed money for Facebook. Another early investor in Facebook was Peter Thiel, former co-founder and CEO of PayPal, and Bilderberg Group steering committee member.

In 2000, an article in the Independent announced that the CIA was looking to invest in a search engine for managing, sorting and analyzing the ever-expanding information on the world wide web. Around the same time, Sequoia Capital and Kleiner Perkins Caufield & Byers, two Silicon Valley VCs, invested $25 million in the brand new startup Google Inc. Sequoia and Kleiner Perkins are literally neighbors of In-Q-Tel in Menlo Park, and co-invested in numerous projects. In 2006, ex-CIA officer Robert Steele told Homeland Security Today that Google "has been taking money and direction for elements of the US Intelligence Community, including the Office of Research and Development at the Central Intelligence Agency, In-Q-Tel, and in all probability, both the National Security Agency (NSA) and the Army's Intelligence and Security Command."

In 2005, In-Q-Tel sold over 5,000 shares of Google stock. It is not exactly clear how the CIA's venture capital firm ended up with 5,000 shares of Google stock, but it is believed to have come when Google bought out Keyhole Inc., the developer of the software that later become Google Earth. The company's name, "Keyhole," is a none-too-subtle reference to the Keyhole class of reconaissance satellites that the US intelligence agencies have been using for decades to commit 3D imaging and mapping analysis.

In 2010, details of an NSA-Google relationship began to emerge, but to this present day details are being blocked from public consumption.

In 2011, Apple introduced "Siri," an intelligent personal assistant, with the latest iteration of its iPhone smartphone series. Even at the time, many analysts noted eerie similarities between Siri and other such intelligent personal assistants developed by the Department of Defense in the past.

That all of these connections, stockholdings, regulations and infiltrations add up to something quite disturbing is beyond dispute. After all, we now live in an age where almost every household in the Western world has multiple internet-enabled devices, where much of the rest of the world is getting online via cell phones and mobile technologies, and where the vast majority of the public are content to use Google, Facebook and other "mainstream" services to search, email, connect to friends and share intimate details of their personal lives. This is the type of information that a dictator of any other age could only have dreamt of, the type of information that compiles what people are doing, what they are thinking, who they are spending there lives with and what they are spending their money on, all in real time.

And now, these latest revelations about Steve Jobs' security clearance with the Department of Defence have passed over the heads of a general population that has been taught to unthinkingly venerate these high-tech gurus as the 21st century example of the American dream: unassuming geeks who stumbled their way into mind-boggling fortunes using nothing but their brain power. Always left out of this narrative are the machinations taking place behind the scenes, with the Department of Defence, the NSA, the Department of Homeland Security, In-Q-Tel and other agencies quietly opening doors and writing cheques for the industry’s chosen few. It remains to be seen whether the public can be roused to take an interest in this issue, or whether they will continue sharing the details of their life on Facebook and sharing their privatest thoughts with the Google search bar.

Silicon Valley Venture Capitalists Uncovered as Simply One Big Criminal Cartel

Special For ProPublica

Submitted by The Stanford Journalism Group

With research by Audrey W., Tom K., Leung V. and Martin F.

They operate exactly like the Sicilian Mafia. They have carved out turf territories. They take out competitors using illegal “hit jobs”. They bribe regulators, politicians and cops to look the other way. They hold secret back-room tribunals in restaurants, in order to arrange collusions, price-fixing, market rigging and blacklisting. They are the Silicon Valley venture capitalists, known in the local lingo as “VC’s”.

For quite a long time, top politicians have ordered their law enforcement agencies to “stand down” on investigations of people like Eric Schmidt, John Doerr, Steve Jurvetson and the tech posse known as “The Cartel”. That era of avoidance ended when John Doerr’s partner, Ray Lane, came under investigation for epic tax evasion and wise-guy money manipulation machinations. Tips from his case led to a network of others and case numbers, and investigators, were assigned.

VC Ray Lane’s audaciousness was not the only shiny object in the dark pit of Sandhill Road, the street where all of the VC’s huddled together like sheep. John Doerr’s co-founder: Tom Perkins, raised the glare of public scrutiny up to “11” when he loudly, and publicly, proclaimed that any poor people who didn’t respect him, and the rest of his VC buddies, must be “Nazi’s”. Yeah, he said that in the media! That didn’t go over well with the public.

In one of their many recent scandals, known as ANGELGATE, the VC’s met at a restaurant in San Francisco to have one of their secret mobster collusion meetings. Alas, a reporter had “snuck in” and documented the whole thing. This reporter: Micheal Arrington, got a honey-trap “hit-job” put on him by The Cartel for his trouble, as reported in Vanity Fair. San Francisco VC Ron Conway railed at the other VC’s, in social media, about how they had stupidly blown their covers. The scandal became one of technology industry legend.

The VC’s had another terrific scandal called THE NO POACHING SCANDAL. In this one, the VC’s including Steve Jobs and Eric Schmidt, all got caught colluding to blacklist any programmers from India from working at the other companies in their portfolios. They, essentially, made a secret deal to destroy the careers of tens of thousands of workers. It was incredible. Eric Schmidt, the head of Google, was personally caught arranging these collusions and blacklists. The evidence was so compelling that the programmers filed, and won, a class-action law suit.

As of today, VC Joe Lonsdale has had a glut of feature articles published about his rape and psychological manipulation of a young intern. VC Vinohd Khosla, John Doerr’s other partner, seems to be hated and sued by a large part of California for closing public beaches for his own whims. VC Ravi Kumar, of Tesla Investments and

Forrest Hayes, of Google, were both killed by their hookers. A permanent undercover officer has been assigned to San Francisco International Airport just to try to catch the epic number of Hookers that the VC's fly into Silicon Valley every week. The largest concentration of escort services in America is in Silicon Valley for the servicing of the VC's. Type "Eric Schmidt sex penthouse" into any non-Google search engine and read the amazing number or articles about the moral compass of that VC and Google boss. Google's other VC/boss: Sergey Brin, has an equal number of articles about a three-way sex romp between him and co-workers. John Doerr's partner: Ellen Pao, filed a spectacular sexual romp lawsuit against John Doerr's crew and it threw Silicon Valley into a titter. The list of indiscretions and outright illicit madness of the Silicon Valley venture capitalists is epic and record-breaking. Clearly, these people operate on a moral level two notches below a starving alley cat and Al Capone.

According to San Mateo county public records, the typical Silicon Valley VC has a divorce which has the word "abuse" in the paperwork almost 90% of the time. Almost every VC gets divorced. Most of them marry what is known as a "trophy wife". These women are always younger than the, almost all-male, VC's, deeply silicon-ed and surgery modified, fat-free and destined for 2.5 alimony-grabbing children and a divorce 3-6 years after they have served their purpose of providing "proper social optics" for the VC's. Proper social optics means that the VC's live lives devoted to appearance and not substance. The VC's wear khaki pants and pull-over shirts in order to try to say to the world "I am so rich I don't care". They drive Tesla's in order to showcase their douche-baggery on public thoroughfares and they go to TED Talks in order to proclaim their condensed-cream-of-philosphy superficiality to the world.

Hackers, including the notorious Guccifer, have gleefully plowed through all of their emails and the darkest deeds of these delightful VC's are now traded on the spookier portion of the internet known as 'The Darknet". The hackers are not the only ones with the goods. Law enforcement is said to have physically broken into VC offices, most notably Kleiner Perkins, to support investigations. The jig is up! These days, that hot intern with the tight sweater, that just applied to work at the Apex Ventures front desk might be a skilled FBI agent from Arlington, VA. VC's are nervously looking at each other and wondering who just turned "state's evidence" in exchange for immunity.

On an average morning you will find the VC's breakfasting at Buck's Restaurant in Woodside, California. They meet to have daily deal rigging, black-listing and collusion confabs to make sure that none of the non-fraternity boys, or other outsider entrepreneurs, are sneaking on to their controlled playing field. You won't find any blacks, few women and almost no Republicans at these meetings.

A few brave reporters covertly sat in on these meetings, or in adjacent booths, with their carefully positioned iPhones sitting on the tabletops, recording all of the dirty deeds. The FBI loves that sort of evidence.

The VC's big Mafia is called The National Venture Capital Association (The NVCA) but local "families" have "turf" with sub-clubs assigned. Silicon Valley has a few sub-clubs: "The Indians", "The Rosewood Boys", "The John's" "Sigma Kappa FU" and other fun fratty high school-like names permeate the VC culture boys club. At their expense, the TV show: "Silicon Valley" took aim at the infantile games these deeply coddled mommas boys carried forward from their rich elitist dynastic upbringings.

Nobody that isn't connected to a 'proper' family is allowed in. Outsiders and Indian programmers are only given hall passes until the VC's suck them dry and then they are kicked to the curb with little, or no, stock. Federal investigators discovered that, like the VC's, their Silicon Valley companies never hire blacks, only hire women as eye-candy or potential sex toys, and manipulate valuations to cut out all but themselves. After years of PR promises of "We will try to do better", not a single Silicon Valley company has budged on it's racist, elitist, age-ist hiring practices.

Almost everything they do is illicit. Most of it is illegal. They operate with impunity because they fund the campaigns of current elected officials. It is a crime on every level.

Every single thing that Al Capone, the Gambino Family, Madoff, HSBC, Enron and the Actual Mafia were arrested for, or charged with, these Silicon Valley VC's do all day long.

Anti-trust. Monopoly, Tax Evasion. Bribery. Prostitution. Product dumping. Conspiracy. Bribery. Collusion. Securities Violations. Commodity Rigging. Flash Boy hacking. Stock Market Manipulation. Possibly even murder…..These VC's do the crimes without ever doing the time.

Talk about "optics". How do the federal cops think this looks to the voters? How secure do average American voters feel when they see these guys running a muck without a single repercussion. It is stuff like this that could put a wild outsider like a Donald Trump or Bernie Sanders in the White House. Not prosecuting these bozos could take the entire American economy down by simply destroying American's faith in the American Dream and The System. (Ahem Mr. Comey…how are those indictments coming along?)

You can see how they get away with it. They simply send cash, girls, revolving door jobs, search results and company stocks to State and Federal elected officials and pay them off.

You can even see the direct financial paths from John Doerr to the Governors office. From Eric Schmidt's funds to campaign coffers in Washington DC. It doesn't take an FBI agent to run these facts down. Judicial Watch, Sunlight Foundation, Disclosure Project and hundreds of other public service transparency groups have done the work for you. It is glaringly obvious.

Over one thousand State and Federal law changes, contracts and policy alterations time out, in perfect synchronization, in the following corrupt formula:

1.) The VC's pay Payola to politician X
2.) Out of the blue, politician X suddenly wants to change a law that happens to only benefit one group
3.) The one group that gets the benefit is the Silicon Valley VC's.
4.) Politician X, or their family, suddenly receive stock from a company the Silicon Valley VC's own

That is overt crime!

This is the big crime game that Kleiner Perkins, Google Ventures, Draper Fisher and the rest are playing. By ordering politicians to hire their staff and put their employees in charge of Government offices, they are rigging the game worse than a cheap Vegas card shark. These guys are playing the Super Bowl of corruption.

The Silicon Valley VC's will cut down any programmer, competitor or outsider who dares to step on their turf. They will cut them down illegally, illicitly and with wrath and maliciousness…just like on Toga Night at the frat house. They use Microsoft VC software, gust.com, Venturewire, Gawker Media, Axciom and a host of covert on-line databases to put secret codes and "kill phrases" next to entrepreneurs, and companies, who have technology that could put one of their companies out of business. It is called "Black-listing".If you don't know what Blacklisting means, see the feature film called: "Trumbo" and you will get the picture. It is a covert order to terminate a person or a brand.

Where is the FBI, the SEC or a Special Prosecutor in all of this? Is Obama ordering them to take no action because the crimes will lead right back to The West Wing?

With such crimes now overtly obvious to the main-stream public (Thanks to Mike Judge) a strange phenomenon has emerged: Payback from the public.

Whether or not the FBI gets their man, or men, the arm of justice seems to have many fingers.

Numerous newspaper headlines and pundits are currently screaming about the "Coming 2016 Recession", "The end of Capitalism", and showing us bright graphics that invariably include the word NASDAQ with a bold redding line diving towards the lower right corner of a chart. The Silicon Valley tech market is SCREWED! The world seems to have given them the finger, shouted them down for their horrific privacy abuses of the public and said, with great emphasis, that nobody gives a flying toot about Tweeting their daily routines to a bunch of trolls and meat puppets.

It was as if the entire planet cried out in one voice: "TO HELL WITH YOU SILICON VALLEY"

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Anti-Trust Charges Should Be 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]**

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]**

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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.*
- *“**Dockets & Filings: In re: High-Tech Employee Antitrust Litigation**”. Justia. Retrieved 2013-12-02.*
- *Levine, Dan (2014-04-24). “**Apple, Google agree to settle lawsuit alleging hiring, salary conspiracy**”. The Washington Post. Retrieved 2016-01-17.*
- *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**

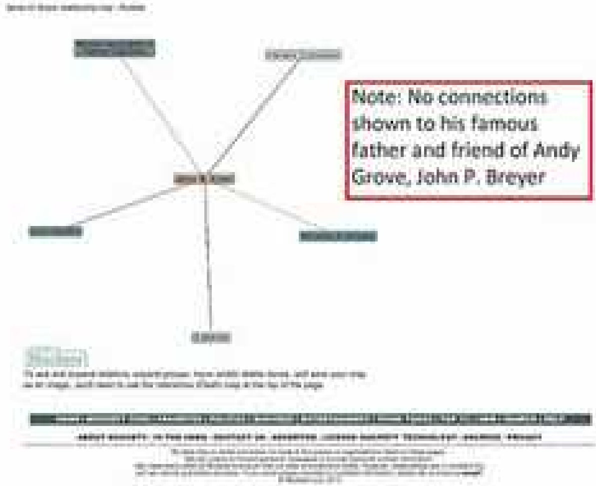
- **Order Granting Plaintiffs' Supplemental Motion for Class Certification**, *In re High-Tech Employee Antitrust Litigation*, no 11-CV-02509 (N.D. Cal. Oct. 24, 2013)
- **High-Tech Employee Antitrust Litigation Settlement Administration Website**
- **http://pando.com/tag/techtopus/**
- ***http://pando.com/2014/03/30/court-docs-google-hiked-wages-to-combat-hot-young-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".

Key Investigations Into The NVCA CARTEL Include millions of pages of evidence provided to the FBI and Congress such as:



Note: No connections shown to his famous father and friend of Andy Grove, John P. Breyer

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NVCA-23

NVCA-22

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NVCA-19

NVCA-18

Bloomberg Businessweek

S&P CAPITAL IQ

Company Overview of IDG Capital Partners

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NVCA-11

VentureData.org

Hugo Shong: IDGVC story

NVCA-10

Bloomberg Businessweek

S&P CAPITAL IQ

Company Overview of IDG Capital Partners

NVCA-9

Bloomberg Businessweek

S&P CAPITAL IQ

Company Overview of IDG Capital Partners

James W. Breyer

Patrick Joseph McGovern

John F. Breyer

Hugo Shong

Richard L. Schmalensee

From Around the Web

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Capital Markets
Company Overview of IDG Capital Partners

Overview | Board Members | Committees

Executive Profile
John P. Breyer

Background

Mr. John P. Breyer is the Chairman at IDG Technology Venture Investment, Inc.

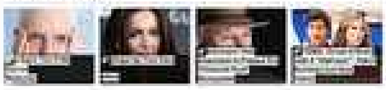
Corporate Headquarters

Board Members Memberships
Chairman
IDG Capital Partners

Education

Other Affiliations

From Around the Web



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Hungary, Class of '56 - October 27, 1986

JOHN P. BREYER, b. 4/14/1920, (650) 340-1916, last known address - 1755 Filbert St. San Francisco CA 94123

EVA K. BREYER, b. 8/16/1926, (650) 340-1911, last known address - 120 Eucalyptus Ave, Hillsborough, CA 94010

CNNMoney
FORTUNE
Money

SON
JAMES W. BREYER, b. 7/26/1961, (831) 625-8562, last known addresses - 372 Mountain Home Rd, Woodside CA 94062 / 4 Long Ridge Trail, Carmel CA 93923 / 405 El Cerrito Rd., Hillsborough CA 94010
wife - SUSAN D. ZAROFF, married 5/2/1987, Pitkin CO; sister - SUSAN Z. BREYER (CA); brother - STEPHEN P. BREYER (WA)

FACEBOOK, director
ACCEL PARTNERS LLP, managing partner
WAL-MART, director
DELL, director
IDG-China, director
etc., etc., etc. (See www.crunchbase.com)

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jbreyer@netzero.com
szbreyer@aol.com
james.breyer@charter.net

Hungary, Class of '56

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Director
HarvardNet Inc.
Director
EXFO Service Assurance Inc.
Director
MegaPath Inc.
Director
enonSHIFT Technologies, Inc.
Former Director
e-Security, Inc.
Director
InforOPS Management Solutions, Inc.
Director
Nervlaya, Inc.
Director
Ping Identity Corporation
Former Director
Asset Control International BV
Director
Tellis, Inc.
Director
Black Duck Software, Inc.
Former Director
BlueNote Networks, Inc.
1994-2007
Former Director
Inkafon Corporation
1998-N/A
Former Director
Connected Corporation

Education

BA
The University of Arizona
BS
The University of Arizona
MBA
MIT Sloan School of Management

Other Affiliations

Fidelity Ventures
Adaro, Inc.
Evident Software, Inc.
Seapoint Software, Inc.
Connected Corporation
HarvardNet Inc.
Inkafon Corporation
EXFO Service Assurance Inc.
MegaPath Inc.
enonSHIFT Technologies, Inc.
e-Security, Inc.

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Source URL: http://investing.businessweek.com/research/stocks/private/person.asp?personId=67950

Fidelity Equity Partners
InforOPS Management Solutions, Inc.
Nervlaya, Inc.
The University of Arizona
Ping Identity Corporation
MIT Sloan School of Management
Asset Control International BV
Tellis, Inc.
Black Duck Software, Inc.
BlueNote Networks, Inc.
Fidelity Equity Partners L.P.

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Source URL: [illegible]

Bloomberg Businessweek

Executive Profile

Robert C. Ketterson Jr.

Senior Advisor, Vohlen Capital LLC

Age 48 | Total Executive Compensation — | [illegible]

Background

Mr. Robert C. Ketterson, Jr., also known as Rob, is a Senior Advisor at Vohlen Capital LLC. Previously, Mr. Ketterson served as the Founding Partner and Managing Partner at Vohlen Capital LLC. Mr. Ketterson served as Group Managing Director at Fidelity Ventures Telecommunications & Technology. Mr. Ketterson joined Fidelity Equity Partners in 1992. Since 1992, he served as a Vice President at Fidelity Ventures Telecommunications and Technology Group, where he focused on venture investments in the Internet and data communications fields and served various positions since 1992. Mr. Ketterson was a Managing Partner and Managing Director of Fidelity Ventures. While at Fidelity Ventures, he headed the US and Europe investment teams. He was a Managing Partner at Fidelity Equity Partners and Fidelity Equity Partners, L.P. He has led a number of investments including [illegible] Technologies (acquired by [illegible]), [illegible] (subsequently acquired by Cisco), [illegible] Communications, [illegible] Software (acquired by [illegible]), [illegible] Networks (acquired by Lucent), [illegible] (acquired by [illegible]), Connected Corp (acquired by Iron Mountain) and [illegible] (subsequently acquired by [illegible]). Previously, Mr. Ketterson was a Manager in the High Technology Practice at The Boston Consulting Group from 1990 to 1992. He served as a Product Marketing Manager for PC products at VLSI Technology, Inc. Mr. Ketterson also served as an Operating Executive at a Silicon Valley start-up. Mr. Ketterson serves as a Director at Black Duck Software, Inc., [illegible] Technologies, Inc., [illegible], Inc., [illegible] Service Assurance Inc., Ping Identity Corporation, [illegible], [illegible] Networks, [illegible] Development, [illegible], [illegible] Networks, [illegible] Management Solutions, Inc. and [illegible], Inc. He served as Director of Asset Control International BV, [illegible] Inc. (formerly [illegible] Networks), [illegible] Inc., Adero, Inc., [illegible] Networks, Inc., Seapoint Software, Inc., Evident Software, Inc. and e-Security, Inc. Mr. Ketterson served as Director of Connected Corporation since 1999 and [illegible] Corp. from July 1994 to December 2007. He previously served on the Board of both the New England Venture Capital Association (NEVCA) and National Venture Capital Association (NVCA). Mr. Ketterson received an M.B.A. degree from the MIT Sloan School of Management, a B.S. degree in Computer Engineering, and a B.A. degree in Marketing from the University of Arizona.

Board Members Memberships

Director

Adero, Inc.

Former Director

Evident Software, Inc.

Former Director

Seapoint Software, Inc.

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Kleiner Perkins Caufield Byers; and Chad Waite, OVP Venture Partners.

"Jim Breyer and our eight new directors represent well the outstanding leadership that exists within the venture capital industry," said Mark Heesen, President of the NVCA. "We expect their contribution to the interests of the NVCA to mirror the outstanding dedication they show each day at their respective firms."

Mr. Breyer has been responsible for Accel's investments in over twenty-five companies that have completed public offerings or successful mergers. He is currently a director of Wal-Mart Stores, Inc (WMT), RealNetworks (RNWK), and is involved with a number of privately held companies such as Accel-KKR, AlphaBlox, BEA Technologies, Brassring, Datasweep, Groove Networks, Model N, Motive (recently filed S-1, MOTV), and Savista (formerly named eMac Digital). Prior to Accel Partners, he worked as a management consultant at McKinsey & Company in New York, and in product marketing and management at Apple Computer and Hewlett Packard.

The National Venture Capital Association (NVCA) represents 470 venture capital and private equity organizations. NVCA's mission is to foster the understanding of the importance of venture capital to the vitality of the U.S. and global economies, to stimulate the flow of equity capital to emerging growth companies by representing the public policy interests of the venture capital and private equity communities at all levels of government, to maintain high professional standards, facilitate networking opportunities and to provide research data and professional development for its members. For more information, visit www.nvca.org.

SOURCE The National Venture Capital Association

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1 of 1 DOCUMENT

PR Newswire

May 13, 2004 Thursday

Jim Breyer of Accel Partners Elected Chairman Of National Venture Capital Association

SECTION: FINANCIAL NEWS

LENGTH: 674 words

New Board Directors Also Named During Association's Annual Meeting

SAN FRANCISCO, May 13 /PRNewswire/ -- The National Venture Capital Association's (NVCA) Board of Directors today unanimously elected James W. Breyer to serve as its Chairman for the coming year. The election took place at the Association's 2004 Annual Meeting in San Francisco, CA. Mr. Breyer is a managing partner at Accel Partners, a leading venture capital firm with offices in Palo Alto, CA and London, England.

In his role as NVCA Chairman, Mr. Breyer will be responsible for setting the public policy agenda and overall strategic direction of the country's premier venture capital association. He joined the NVCA Board in 1999 and has served on the Capital Formation, Membership and Government Affairs committees. He also served as the 2002 NVCA Annual Meeting Chairman. Mr. Breyer succeeds Jeffrey Harris, Managing Director of Warburg Pincus, who completed his one- year term as NVCA Chairman.

"Never before has the role of the NVCA been so important to the future of our asset class and the entrepreneurial spirit in the United States," Mr. Breyer commented. "I look forward to leading the Association in the coming year and making certain that venture capital investment continues to be recognized as a key economic driver for our country. Our priorities include maintaining an industry focus on prudent, long-term investing, preserving the use of employee stock options for emerging growth companies, and actively engaging members in critical NVCA activities."

Outgoing Chairman Jeffrey Harris reflected, During the past year the NVCA successfully advanced its public policy agenda while providing a high level of innovative services to its membership. Venture capital remains an important contributor to the long-term success of the U.S. economy as it supports innovation across many industries. I am confident that Jim Breyer and the new NVCA Board will continue to represent the best interests of the venture capital and entrepreneurial communities."

The NVCA Board also announced eight new Directors who will each serve four year terms: Peter Barris, New Enterprise Associates; Michael Cronin, Weston Presidio; Joanna Rees Gallanter, Venture Strategy Partners; Robert Ketterson, Fidelity Ventures; Mark Kluge, Sevenon Chemical; Gilman Louie, In-Q-Tel; Ted Schlein,

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