

/// Donna Kline Now!

By Donna Kline — www.DLKindustries.com



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

LEADER V. FACEBOOK PRESS BACKGROUND

1. Brief Summary (PDF)
2. Backgrounder (PDF)
3. Facebook Secrets (PDF)
4. Instagram-scam (PDF)
5. USPTO-gate? (PDF)
6. Zynga-gate>

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{ 2012 04 23 }

/// Wal-Mart – Zynga – Facebook: Oh, the webs we weave

April 23, 2012 – Today we learn that Zynga shares—whose price has fallen 50 PERCENT since its peak at the end of February—had been pressured by *insider selling* of its stock.



The company filed for a secondary stock offering on March 14, 2012 ([click here](#) for this S-1). The deal closed on April 3rd. *In the interim*, Zynga's savvy IPO bankers (namely Goldman Sachs and Morgan Stanley) *modified* the lock up restrictions that previously had prevented insider selling. ([The original plan stated that the lock out period for non-executive staffers would end on April 30th](#). The executive lock out period was to end May 28th.) ([Click here](#) for Form S-1A last amended on Dec. 15, 2011.) This enabled Zynga CEO Mark Pincus and other insiders to unload more than 49 million shares at a price of \$12 a share. Six (6) million shares were to be sold by the IPO underwriters themselves. The sale of these shares ultimately generated \$593 MILLION for the sellers, but provided nothing to the firm's balance sheet *or* the common shareholders. I wonder if any non-executive staffers were able to sell their shares early, too? HA! Zynga's IPO was initially priced at 10, the stock peaked at 15.91. [Where is the stock price today? Click this link to find out.](#)

1. Coordinated effort by Zynga and Facebook?

These individuals appear to be using Rule 701 for their justification ([click here](#) for SEC discussion of Rule 701). Under Rule 701 of the Securities Act of 1933, companies can offer their own securities as part of written compensation agreements to employees, directors, general partners, trustees, officers, or certain consultants **without having to comply with federal securities registration requirements.**

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

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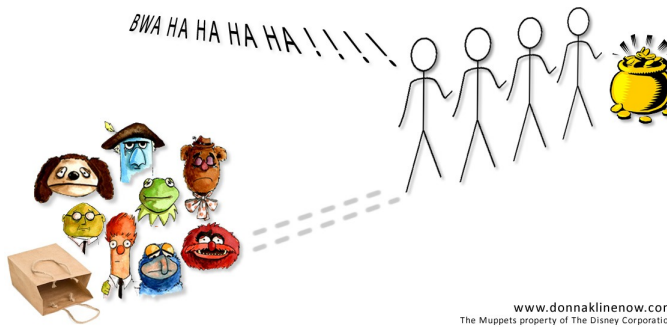
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 /// Facebook countersues Yahoo with bogus patents? Confirms reckless mindset.
 /// Facebook “Liked” Leader’s source code ... before it



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 The Muppets property of The Disney Corporation

Fig. 1 – Was the recent Zynga stock sale part of a coordinated effort among a cabal of Silicon Valley executives—all marching in lockstep?

Was the statement in the S-1 **on page 143** a well-timed plan to be executed *ahead of* the Facebook IPO in concert with Instagram (and others)? Was it not merely a risk, but rather part of a *coordinated effort* to put out an IPO while the various executives in the cabal marched in lock-step to collect their money? Was this risk disclosed to the public investor? Didn’t think so. From the Zynga S-1: “Nevertheless, sales of our Class A common stock in the public market after such restrictions lapse, or the perception that those sales may occur, **could adversely affect the prevailing market price** at such time and our ability to raise equity capital in the future.”

Their actions may be “legal” based on blanket statements in the S-1, but are they moral? Poor Zynga muppets.

(The Facebook S-1 has similar disclosures on page 138. More on this later.)

2. Who sits on and advises the Zynga Board of Directors?

1. Mark Pincus, Chairman
2. John Schappert
3. William Gordon
4. [Reid Hoffman](#)
5. Jeffrey Katzenberg
6. Stanley J. Meresman
7. Sunil Paul
8. Van Natta
9. [Morgan Stanley](#)
10. [Goldman Sachs](#)



3. Which Zynga investors and advisers are also on both sides of the Facebook-Instagram deal, or are principal Facebook stakeholders?

didn't
 /// Proof Fenwick & West LLP did not disclose Leader as prior art to Facebook
 /// MF Global + JP Morgan + Goldman Sachs + Harvard Grads + Politics = A big mess
 /// What Facebook, Accel Partners, Goldman Sachs and Fenwick & West don't want us "muppets" to know
 /// Make up your mind, Fenwick & West LLP
 /// Muppet Mania
 /// Haughtiness in the face of "literal infringement"
 /// Facebook ordered pharma users to allow comments, yet will not return phone calls now
 /// First thoughts after leaving courthouse March 5, 2012
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 /// San Francisco CBS-TV KPIX Coverage
 /// NBC-TV4 (Columbus)
 Interview with Leader founder Michael McKibben
 /// How Facebook tricked the jury – *YouTube*
 /// New friends?
 /// Did Someone Prod the Media?
 /// Facebook: The

1. [Reid Hoffman](#) (CEO of LinkedIn, Facebook investor)
2. Clarium Capital ([Peter Thiel](#)—Facebook director, investor)
3. [Peter Thiel](#) individually (Facebook director, investor)
4. Andreessen Horowitz ([Marc Andreessen](#)—Facebook director, investor)
5. Digital Sky Technologies ([Juri Milner](#)—Facebook investor)
6. [Morgan Stanley](#) (Facebook lead underwriter)
7. [Goldman Sachs](#) (Facebook lead underwriter)



4. Unexpected trouble for James W. Breyer?

Over the weekend we learned that Wal-Mart has been covering up a large [bribery scheme](#) that took place over several years in Mexico. Envelopes of cash were *hand delivered* to Mexico's government officials. The bribes paid for zoning approvals, reductions in environmental impact fees and the allegiance of neighborhood leaders, *anything* that would ensure rapid growth in the area.



[James W. Breyer](#) is a director of Wal-Mart working on their "social commerce" strategy ([click here](#) for video interview with Breyer



(starting at 12:45) to see his discussion of Wal-Mart and Facebook—"Wal-Mart, I believe, will spend 10's of millions of dollars both on the dotcom side and the physical worlds to start to address social commerce"). **Accel Partners LLP** lists Walmart.com as one of their clients. Breyer is also a director and second largest investor in Facebook along with his company Accel Partners where he is Managing Partner. ([Click here](#) for more.) Breyer and the other Facebook directors claimed last week to have had *no prior knowledge* of the \$1 billion Facebook acquisition of Instagram (see [The Wall Street Journal](#)), even though most of the Facebook directors benefited on both sides of the deal.

[Siemens International](#) was rocked in 2006 with a bribery scandal that forced the resignation of many officers and board members. Will Breyer be forced to resign from the Wal-Mart board of directors similarly? Will he be forced to divest his holdings in Walmart.com?

Does the Wal-Mart bribery scandal raise the specter of

/// FACEBOOK: THE
New 'Too Big To
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/// What happens on
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/// More on FB's S-1
omissions & other
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similar unethical conduct and cover-up within the Facebook cabal? Does the Zynga insider stock sale portend what we can expect from Facebook after their IPO launches?

A friend of mine -a compliance officer for a major bank - tells me that this stuff “happens all the time.” Doesn't mean the public needs to keep falling for it!

Meep. Meep.

* * *

Credits

1. Zynga stock chart. [StockCharts.com](#). Accessed Apr. 23, 2012.
2. Reid Hoffman photo. [CNN Money](#). Accessed Apr. 23, 2012.
3. Facebook logo. [Facebook](#). Accessed Apr. 23, 2012.
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6. Peter Thiel photo. [Time](#). Accessed Apr. 23, 2012.
7. Marc Andreessen photo. [The New York Times](#). Accessed Apr. 23, 2012.
8. Juri Milner photo. [Fortune](#). Accessed Apr. 23, 2012.
9. James W. Breyer photo. [Forbes](#). Accessed Apr. 23, 2012.
10. Wal-Mart logo. [Silversmith Productions](#). Accessed Apr. 23, 2012.
11. The Sad Muppets. The Muppets characters are believed to be the property of [The Walt Disney Corporation](#). Accessed Apr. 24, 2012.
12. Empty Bag photo. [Convince.me](#). Accessed Apr. 24, 2012.
13. Pot of Gold graphic. [Arthur's Clip Art](#). Accessed Apr. 24, 2012.

Posted by [Donna Kline](#) on Monday, April 23, 2012, at 4:08 pm.

Filed under [Investigation](#).

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Comments

1. **brent** | April 23, 2012 at 10:44 pm |



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This proves that these Facebook directors and investors are scamming the shareholders of Zynga, so why does anyone think that they will stop with Zynga? With Goldman and Morgan

Tex on /// Wal-Mart – Zynga – Facebook: Oh, the webs we weave

winston smith on /// Wal-Mart – Zynga – Facebook: Oh, the webs we weave

Steve Williams on /// Wal-Mart – Zynga – Facebook: Oh, the webs we weave

Linda Willson on /// Wal-Mart – Zynga – Facebook: Oh, the webs we weave

Tex on /// Wal-Mart – Zynga – Facebook: Oh, the webs we weave

brad on /// Wal-Mart – Zynga – Facebook: Oh, the webs we weave

brent on /// Wal-Mart – Zynga – Facebook: Oh, the webs we weave

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

Julie C on /// Facebook forces reexam order of Leader's patent through USPTO Director's office in wake of Instagram controversy
Tex on /// Facebook forces reexam order of Leader's patent through USPTO

Stanley leading the proposed Facebook public offering, they appear to be planning on bilking our pension funds out of billions... laughing all the way. Isn't their activity illegal?

2. **brad** | April 23, 2012 at 10:44 pm | 

[Permalink](#)


More good work Donna! I just clicked the picture of the guy who I thought looked like Larry Flynt with the Mr. T starter kit (Reid Hoffman). Thinking MMMM an old porn star part of LinkedIn? But in researching, I see that he has done well. Clever guy, but to whom? Himself, and insiders, or to new investors? Is this a crystal ball into what may lie ahead for FB IPO buyers? Check this out! ICKY!

<http://tincup69.wordpress.com/2012/03/04/linkedin-executive-team-cashing-out>

3. **Tex** | April 24, 2012 at 1:12 pm | 

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So, buying a "non-revenue" producing company with 13 people for ONE BILLION from insiders, and buying 1000 patents from Microsoft/AOL for a half of BILLION are reasons to delay a 100 BILLION dollar IPO for the Zucksters.....at least that's what they told that sweet little reporter from CNBC. Meep, meep. Sounds a little silly to me but if CNBC reported it, it must be true.

4. **Linda Willson** | April 24, 2012 at 3:17 pm | 

[Permalink](#)
MAJOR B.S. ALERT!!! Here's my translation for the muppet community re. the CNBC Facebook "leak" announcement Tex alludes to (<http://www.cnbc.com/id/47160451>):

Facebook now wants to delay the IPO until June because:

1. Having to assimilate Instagram's whopping 13 employees (I have room at my house!) Translate: major ethical problems in the deal uncovered by Donna Kline and others.
2. Having to read the \$550 million worth of junk patents from

Director's office in
wake of Instagram
controversy

Darren on ///

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controversy

Chronos on ///

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

Tex on ///

Facebook
forces reexam order
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Microsoft/AOL. Translate: Fenwick & West LLP is now distracted trying to figure out how to avoid having Facebook's other 750 patents invalidated because they intentionally did not disclose Leader Technologies' patent to the USPTO.

3. "Various other distractions." LOL. They used influence to get the Director of the Patent Office to issue an illegal order; got caught with their hand in the cookie jar; now this has to be investigated. (It appears that this conduct by Director David Kappos is not isolated to attacks on Leader Technologies

<http://www.patentspostgrant.com/wp-content/uploads/2011/07/callaway.pdf>).

Plus, reporter Donna Kline's investigation and the tsunami of reaction that it has created around the planet from the muppet community??? Meep, meep.

4. This is a good one—The Zuck is too focused on running the business. ROFL. Let's see, he spends \$1 billion without consulting his board, and now he is getting religion about his priorities??? R-O-F-L. Excuse me while I recover from laughing. Whew.

5. This is the other tear jerker—The Zuck has not had time to focus on the IPO. Let's see. Maybe because his law firm Fenwick & West is so friggin' conflicted after having represented Leader Technologies first (the patent holder that trumps ALL of Facebook's later patent filings) — a valid patent that Facebook could only attack by fabricating evidence at trial to get a BS ruling that is hanging by a "coffee stained" thread. Go Federal Circuit justices! Smack 'em hard. Let's make "clear and convincing" evidence actually mean something more than doctored documents and repeated lies. No doubt Fenwick is trying to figure out how to concoct some new story about how they came to have filed over 700 patents using Leader's technology as the underlying engine. Snivel. Snivel.

These people really think we will believe this pablum.

Kathy on ///

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

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5. **Steve Williams** | April 24, 2012 at 4:29 pm | [Permalink](#)



How convenient that the bankers who backed Facebook's shady IPO filing, are the same "insiders" backing Zynga (also ironic that only they are the ones who benefitted from the sell-off of their stock). "...Without having to comply with federal securities registration requirements"; also convenient when one is trying to get around rules and regulations that normally govern us muppets living in the "real world". As far as who sits on the board of Zynga's directors, well, let's just say it reads from a "who's who" list from the Isle of Internet Misfits (many players sitting on both sides of the fence....hmmm?....there's a lesson in business ethics)...NOT!!Wal-Mart – Zynga – Facebook: Oh, the webs we weave; Donna, you couldn't be more right on this one. Perhaps, when the Federal Appeals Court rightly rules on the validity of patent '761, we muppets can grab our fly swatters and "clean house" on Wall Street.
Meep, meep!

6. **winston smith** | April 24, 2012 at 5:49 pm | [Permalink](#)



Do the "PEOPLE" on Facebook think they live on the moon (so far above us, hiding in their little craters)? If they truly believe that, at this point, maybe we should call them MARTIANS, for they really do believe that we muppets, stuck down here on the 3rd rock from the sun, are clueless. (I, for one, happen to know the moon is not made of cheese). And, if truth be known, I too know how to "phone home". The goings-on of this ill-gotten crew of misfits reminds me of an episode of "Pigs in Space" gone awry. Money and corruption may rule "your" galaxy, but laws, common sense, and decency still dictate our corner of the universe. "Beam me up Donna!"
Meep, meep!

7. **Tex** | April 25, 2012 at 10:15 am |



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Let`s be real clear.....if the Zuckster had not hacked the McKibben emails at Harvard, there would not be, in my opinion, a Facebook today unless Leader had further developed it`s own technology,or sold it`s technology to a group like the Zucksters. Had that been done (either case) , Leader would have been properly compensated for a proprietary,patented idea that has changed the way that humans communicate, advertisers advertise, and ultimately, the way business at all levels ,will be done in the future. Now when I use the word “hacked”, I really mean “stolen”. The facts ,to me, are just indisputable .Had the Zucksters settled this case in 2008 ,when it was filed, for a few million dollars, we wouldn`t be having this dialogue, would we ? It appears, however, that they saw themselves as smarter than every one else. Why pay a few million when a little razzle, dazzle and a few little lies could confuse the folks . They believed that Leader, the little company that could, would shrivel under the embarrassment and just go away. Oops .So here we are in 2012 and Leader is sticking to its mission of justice. FB , on the other hand , has grown into a behemoth, and has unlimited upside. OOPS !! The answer now for FB is either BIG settlement (perhaps billions) and/or even bigger lies.....the hole they are digging is getting both deeper and wider. And how about Fenwick ? WOW.....lots of ,what we in Texas call, “co-inky-dinks”. Unlike a number of my more educated friends that are now following Donna`s adventure into the bowels of corruptness, I believe that the appellate judges will get this right. It may or may not be in Leaders favor. Here`s the biggest issue.....if it`s in FB favor, no problemZERO. If it`s in Leader favor, a few million is not in the ballpark. The judgement has to be in the” tens of billions “plus a percentage of revenues during the full term of the Leader patent. What else could it be for the wrongful use of a valid patent that is the bedrock of a

\$100 billion company ? To me, this exposure is extremely material and has to be listed as more than an asterisk on the disclosures for the big IPO coming now in June. And Fenwick ? They probably are hiring their own defense counsel as I write. For some reason, I don` t think Leader got a real fair shake from from their former counsel. And what about the misleading statements made by the FB folks during the discovery process? This is a movie waiting to be written.....Have a nice day !!!!

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