Facebook's Mobile Woes Just Got Bigger

**Leader Technologies** is awarded the patent on social networking apps* after a 10-year USPTO evaluation

* Yes, ALL social media apps, incl. mobile apps

No one can accuse the Patent Office of moving too quickly on this patent. Leader Technologies received notification today from the U.S. Patent Office that they will be awarded a new U.S. Patent No. 8,195,714 titled CONTEXT INSTANTIATED APPLICATION PROTOCOL on June 5, 2012 (click here). This patent is the sister patent application to U.S. Patent No. 7,139,761 that Facebook was judged guilty of infringing on 11 of 11 counts.

Social Networking Market Shake-up Imminent?

This is the patent on SOCIAL NETWORKING APPS. Yes, you read me right, this very well could be the definitive patent on ALL social networking apps. Impossible you say? Preposterous you say? I thought so too when I first learned about Leader Technologies six months ago, but after a thorough investigation and consultation with numerous experts, I have concluded that it is ALL TRUE.

Patent No. 8,195,714 was filed on December 11, 2002, the same day as Leader’s now famous ’761 patent. This means that the technical ability for an app to manage, transfer, collect and tag data has been “patent pending” for nearly 10 years. It also means that ANY APP may now be subject to pay licensing fees to Leader Technologies.

Not only does Leader have a patent on the engine of social networking (U.S. Patent No. 7,139,761), they now have a patent on apps (U.S. Pat. No. 8,195,714). Kaboom!

What does this mean for the social networking world? They’d better start beating a path to Leader Technologies’s door to license the invention, instead of just
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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PREVIOUS POSTS
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/// Congratulations, Facebook. See you at the Supreme Court?
/// Are Facebook insiders mocking the Business Judgment Rule?
/// James W. Breyer’s tangled web of insider trading – AKA – “You’ve been Breyered”
/// Wal-Mart – Zynga – Facebook: Oh, the webs we weave
/// Facebook forces reexam order of Leader’s patent through USPTO

McKibben also told me that “This patent has been incubating for a decade.” I asked him why it took so long (after all Mark Zuckerberg was in high school back then). He said “I don’t know, but perhaps the timing is fortuitous because it serves to further illustrate the illegitimacy of our chief infringer’s claims.”

By “chief infringer” McKibben is of course referring to Facebook with whom Leader is currently locked in a patent infringement appeal at the Federal Circuit (not disclosed in the S-1). McKibben confirmed that Leader’s lead Silicon Valley-based attorneys Paul Andre and Lisa Kobialka with Kramer Levin (formerly with King & Spalding) will be filing a petition on that appeal shortly. McKibben said of this new patent, “We have been waiting for this patent for a very long time. We filed it way before the term ‘social networking app’ even existed.” He continued, “It is gratifying to be acknowledged for the originality of our invention of apps.”

McKibben added an intriguing twist which I will explore more in future posts. He said the term “social” is “too limiting” to the full scope of Leader’s invention. “We envisioned a much broader tool than the narrow scope that social apps are currently exploiting,” he said. “The market has not yet begun to experience the full benefits of our app invention, especially as it relates to the subjects of privacy, security and freedom from intrusion.” McKibben called these features “fundamental human rights.” This is certainly a refreshing message after being barraged all week with the message that privacy is dead.

I asked McKibben what prospective infringers should do in the face of this new patent. He said with a slight smile, “We’re in the phone book and we won’t bite.”

Stay tuned. Meep, meep.

Now back to my coverage of the Facebook stock debacle . . .

If you did not think the revelations of insider
impropriety pouring out of Facebook are not enough, here’s more.

**Did you know** that Facebook doesn’t even own the underlying technology platform that they rely on for their revenue? Where was that disclosed in the S-1? It wasn’t.

**Did you know** that the technology used by Facebook was stolen from inventor Michael McKibben and his company Leader Technologies. That’s right, on July 27, 2010 Facebook was found guilty on 11 of 11 counts of patent infringement U.S. Patent No. 7,139,761 owned by Leader Technologies. In other words, the software engine running Facebook is Leader’s property. Where was that disclosed in the S-1? It wasn’t.

**Did you know** that before Facebook’s lead attorney Fenwick & West was Facebook’s attorney, they were Leader Technologies’ attorney and had intimate attorney-client knowledge about Leader’s business and inventions? Where was that conflict of interest disclosed in the S-1? It wasn’t.

**Did you know** that Fenwick & West has filed over 700 patents for Facebook since 2008. In all those filings Fenwick did not disclose Leader’s technology as potential prior art to the US Patent Office, which might be fraud. Where was that risk disclosed in the S-1? It wasn’t.

**Didn’t think so.** Meep, meep.

These revelations beg the question, is anything in Facebook not riddled with insider deception?

* * *

Four days after the launch of Facebook’s IPO, their unscrupulous insider activities are FINALLY being reported in the major media. It’s too bad that it took millions of dollars of “muppet money” to finally bring the issue to light that I have been writing about for months.

Here is a sample of the coverage the insider activities are finally getting in...
In addition to what I have written:


In addition, here’s my bibliography of posts relating to Leader v. Facebook where I have been warning about this brewing debacle for months. The way I see it, these issues regarding theft of intellectual property and corrupt insider activities are inseparable.

11. Donna Kline. “Facebook countersues Yahoo with bogus patents? Confirms


Donna Kline. “Proof Fenwick & West LLP did not disclose Leader as prior art to Facebook.” Donna Kline Now!, Mar. 29, 2012.


Donna Kline. “Facebook ordered pharma users to allow comments, yet will not return phone calls now.” Donna Kline Now!, Mar. 7, 2012.


Donna Kline. “My take on the MF Global debacle: It could have been a customer.” Donna Kline Now!, Nov. 3, 2011.

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Posted by Donna Kline on Thursday, May 24, 2012, at 3:06 pm.

Filed under Investigation.

Follow any responses to this post with its comments RSS feed.

You can post a comment or trackback from your blog.

### Comments

1. **Tex** | May 24, 2012 at 5:11 pm | [Permalink](#)

   Zuck, I know you have your people read Donna`s comments......here’s an idea. Call Mr McKibben and apologize for your youthful mistake and offer to buy Leader Technologies and all of it`s patents for ONE BIG BEANY (that`s a billion in Texas). Perhaps owning your
platform could very well be more important than owning Instagram and it’s non revenue producing 13 people. Listen to an old warrior.....the gig’s up and your walls are falling. Remember, in America (maybe not Obama’s America) one doesn’t get to keep ill gotten gains. For once, do the right thing. Just a thought from a back porch in Texas.

2. **AMY** | May 24, 2012 at 6:02 pm | Permalink
Hey TEX..I got a horse..Can I come ride there someday?

3. **Linda K** | May 24, 2012 at 6:17 pm | Permalink
Dear Fellow Muppets,
We’ve wondered why the mainstream media has not picked up on the Leader v. Facebook story. This last post by Donna combined with the FB insider trading debacle is our opening! Suggest that everyone re-double your efforts to get this blog post to media and elected officials as well as other opinion influencers. Don’t wait. Such windows of opportunity can close as quickly as they open. Get cracking! We need to advocate for a real justice system to replace the farce we are observing in real time.

4. **mike kennedy** | May 24, 2012 at 6:42 pm | Permalink
Donna I hear Glenn Beck is hot on the trail of Facebook. Know him? He does have a pretty faithful following.

5. **Tex** | May 24, 2012 at 7:32 pm | Permalink
Amy. I am hippophobic Ride that thing to your nearest Ford dealer and get a truck

6. **Gary** | May 24, 2012 at 7:33 pm | Permalink
Tex, like your ideas but I think your number is a little on the low side (way low actually), this patent is the engine that drives a 100 billion dollar company so I’m thinking it is worth at least 10 to 20% of that value. Without Leader to make it actually run, it’s just an idea he stole from the Winklevoss twins and others at Harvard!

7. **Suzie** | May 24, 2012 at 8:34 pm | Permalink
My understanding is that Leader should be able to collect a significant portion of the revenue and profit from Facebook and other infringing organizations through the expiration of their patent.

Theft is theft. The thieves need to return and pay for the intellectual property they stole. Just because the amounts are big doesn’t excuse them. Remember that Bernie Madoff stole an incredible $60 billion before he was caught.
8. Nick | May 24, 2012 at 8:59 pm | Permalink
Big media conspiracy to keep the Leader case under wraps! Shell out some of your stolen billions to its rightful owner Zuck!

Guys, you are really beating a dead horse here. The media does not care about the Leader case. They have moved on to the IPO, and the very predictable fact that the insiders sold their shares to the public at a massive profit. But the “new insights” above are nothing new.

Facebook didn’t disclose any of the Leader lawsuit information in the S1 and it turned out that was the right move. The patent is invalid. The federal circuit has affirmed the jury verdict. That’s it. This dispute is over. The federal circuit is not going to change its opinion and the supreme court has about a .1% chance of taking up this case on appeal. The legislature cannot override the courts. The media cannot override the courts. Facebook will have to face the music on any glitches in the IPO, but let’s be real. There might be some sort of small fine. That’s it.

And one other issue— this notion that Facebook “stole” the Leader code. This claim has never been substantiated. There was no evidence of this presented at trial. True that the way Zuckerberg ended up coding Facebook infringes a patent, but that is completely different from the idea that he actually acquired Leader code and put it into Facebook. There is zero evidence that this ever happened, and Leader obviously had access to Facebook code in the trial. If there was actual overlap in the code, that would have been shown at trial.

10. Judicial Corruption | May 24, 2012 at 9:51 pm | Permalink
JohnC, Your knowledge of dead horses is quite spotty. Let’s see, you are a superhuman. You single-handedly speak for (a) the media, (b) the federal circuit, (c) the legislature, (d) for the acts of a singular Zuck who claims to have developed everything by himself in his dorm room (so how do you know all that you claim to know?). If you really followed the trial you’d know that the issue of code copying has not been tried yet (the case was “bifurcated” between infringement and damages, willful infringement and injunction, so your comments about what was and wasn’t presented at trial is uniformed. You defend Facebook as if you care nothing about patent infringement and respect for property .... and oh by the way, unless we have decided to dispense with justice too, mistakes of courts and juries are the stuff of petitions for further review, Congressional inquiries and the Supreme Court, not to mention the light of public opinion, which will not stop shining until your buds at Facebook do the right thing. Count on it. What makes you so sure that Leader and the muppet community are out of bullets and lack the resolve to insure that you do not enjoy your ill-gotten
Where are the moral backbones in Silicon Valley?

11. derek | May 24, 2012 at 10:11 pm | Permalink
Begrudgingly, I almost feel bad for you conspiracy folks here who won’t give up. The case is not “currently on appeal”. That is done. The sale bar issue sealed it all. Kindly put your energies into FB and let us take American ingenuity to the rest of the world. A strong FB will now enable us to ward off competition from foreign lands. The past is the past. The people with the gold make the rules. FB now has the gold, and let’s be glad! Too much oversight by the SEC, the courts, and the patent office will only stifle the future geniuses who can bring American innovation to market. Applause to Zuck, applause to Accel, and the wizards who backed a juggernaut that will play a roll in making our nation stronger. Donna, I admire your perseverance, but it is time for you to start writing about the impending Martian invasion, or the end of days coming this year. You can find evidence on those subjects as well. When the Pres is re-elected (as he should be), I am sure this site will be talking about the election being rigged! C’mon people, stop clinging to bygones. People write about Marconi’s stealing the credit for wireless from Tesla. I say, who cares? We got our radio didn’t we? One can read about some hapless Russian having invented television in the early twenties. He got no credit! Who cares? FB has it’s IPO problems as a result of a bunch of lawyers looking for a good lawsuit against it! It will win on these petty things as well! Count on it! FB rocks!!!!

12. Judicial Corruption | May 24, 2012 at 10:36 pm | Permalink
...One more thing JohnC. You wrote “Facebook didn’t disclose any of the Leader lawsuit information in the S1 and it turned out that was the right move.” Hmmmmm. So you coerced some federal judges and that is the end of it? LOL. You wish. Your partners from the KGB, whoops, FSB can do that with their hands tied behind their backs. Thank you for telling us that the Federal Circuit judges were indeed coerced or bribed by your people right on your IPO schedule. “The right move” is not a criteria for materiality of S-1 disclosure. Risk is. You would have no way of knowing whether you were making the “right move” in not disclosing this risk to prospective investors in earlier drafts of the S-1 unless you planned on dishing up a custom-ordered “opinion” — right on schedule within hours of the start of the road show. This sort of corruption is that of a banana republic.

By the way, your draft betrays the drafting style of your Cooley Godward attorneys (Mark Weinstein?) You quoted your own attorney arguments as evidence too many times. Whoops. (Readers: attorney argument is not evidence... but it can often be effective court room theater to fool lay juries, esp. blue collar lay juries like this one...
was.) We’ll expose you. Your ranks aren’t without their holes.

13. theheckler | May 25, 2012 at 6:29 am | Permalink
Derek,

Your words pretty much sum up the hypocrisy of the “American Ideal”. AMERICAN innovation. Ha. I laugh at this.

I suggest you keep to yourself your misguided imperialism. Facebook is a fad. Even you Americans agree on this. It will be replaced.

I just think, if these allegations with regards to the patents, etc are true... then justice must be served. For the sake of your American investors, I hope someone uncovers this rotting corpse of a company once and for all...

14. K Craine | May 25, 2012 at 7:05 am | Permalink
After reading JohnC’s haughtiness, it is evident that he knows that the Facebook cabal coerced the Federal Circuit judges right on cue.

It is apparent to me from following this Leader v. Facebook case for a long time that our judicial system is broken. One reform for consideration is to change the way attorneys (and judges) are disciplined. Right now the fox is guarding the hen house. Attorneys “self-police” meaning attorneys assess their fellow attorneys on a supposed honor system.

Unfortunately, white collar crime of the kinds we are seeing in this Leader v. Facebook case are not disciplined with anything other than a wink, wink, nod, nod. We muppets need to start advocating that a majority of members of each disciplinary council or committee (organized by each state’s supreme court) should be lay professionals.

Attorneys thrive on chaos and uproar. Lay professionals fix things, solve problems and create. If laypeople were in charge of evaluating the cock-and-bull excuses that misbehaving attorneys give to get out of a disciplinary complaint, then we’d see the herd culled pretty quickly. Laypeople won’t put up with this crap (excuse the French).

The attorney disciplinary system is broken because now even the “good guys” muzzle themselves about reporting misconduct from the bench or fellow attorneys for fear they may be in front of that judge or that attorney in a future case. So, the client gets thrown under the bus. Worse, the “good guys” say nothing because the “bad guys” generate new fees for them in having to respond to their misconduct.

Think about it. Perhaps this is a central problem with our government and economy—too many attorneys in jobs where they are in inherent conflicts of interest. They serve as politicians and bureaucrats that don’t fix things and solve problems, they just keep everything in an uproar. Among the professional benefits of stirring up
chaos is that fact that chaos gives work for fellow attorneys “on the outside.” Would you hire a nurse to build your house, or a basketball player to fix your plumbing? So why do we put attorneys in all these positions where their skills are not suited and their professional oath to act ethically is breached on a daily basis? I don’t know about you, but most attorneys I know are poor organizers and planners (people who fix problems). Right now attorneys are playing on both sides of the ball. They create the laws, then administer the laws as bureaucrats, and then they enforce those same laws as judges and officers of the court. It’s a closed system of conflicting interests.

MY RECOMMENDATION FOR FEDERAL AND STATE LEGAL REFORM:
We need to advocate for a majority of members of each of our state’s disciplinary committees to be lay professionals, then watch the legal profession scramble. They need to start scrambling because right now they are serving no one but themselves.

15. Tex | May 25, 2012 at 8:42 am | Permalink
Derek, how was your Prom? Was that a typo when you said “backed a juggernaut”? Shouldn’t that read “hacked a juggernaut”? The FB story is riddled with shocking “coinkydinks” and will be the news story of the year when fully disclosed because it runs all the way from Harvard, to Silicon Valley, to Russia, to Wall Street, to our court system, and even to the White House......yes, Derek, FB is a brilliant concept and it could change the way the world communicates. Sadly, the Zucksters were unscrupulous in their efforts to gain profits on stolen ideas. And oh by the way, Derek, you are really unbelievable with your “who cares” comment......no wonder the fabric of our society is unraveling at mach speed.

16. Meowzer | May 25, 2012 at 10:08 am | Permalink
Go Donna! Fight the Power!

17. Baker 8-O | May 25, 2012 at 11:08 am | Permalink
The Motley Fool’s Sean Williams just invited his readers to email him with suggestions for CEO Gaffe of the Week. Readers of this blog should send him Donna’s investigation. Here’s his email SeanWilliams@Fool.com and here’s his article:

CEO Gaffe of the Week: Facebook, Nasdaq, and Morgan Stanley
By Sean Williams | May 25, 2012

18. Nana | May 25, 2012 at 3:19 pm | Permalink
I have sent emails requesting attention to Donna’s blog to Rush Limbaugh, Breitbart, Sean Williams, Glen Beck, and our Congressman, Speaker of the House, John Boehner. Would love to hear that others are doing
I have been sending: Facebook Debacle - More Undisclosed Insider Secrets. Facebook and Federal judges “LOVE FEST” is just one of the horrific topics covered in this extensive blog! http://www.donnaklinenow.com (thought I’d share). New York Times, Wealth Lift, Wall Street Journal, Washington Times, Push Pop Press, Washington Post, Chicago Tribune, SFGate.com, Market Watch, Chime In, Los Angeles Times, Tea Party Tribune, today I added The MotleyFool. There is all kinds of links and emails that pop up, as well as comment sections for every ipo article and there is lots right now! Even with the authors writing about the Facebook IPO scandal. Think out of the box. Sky is the limit! Of course, you have to join to comment but its really pretty painless. Keep up the good work. The truth always wins in the end:)

Derek you’re back! Shame on you for “hooking” up with Jill and turning her into John C! You both may want to get a check up at your local county health center, I hear they are discreet.

All Steve and I can say to Leader Technologies is Congrats and God Bless you all for your hard work! Now Leader Technologies can have their own “Road Show” and it will be a legitimate one !!!!! Go Leader! And Thank You Donna for all your perseverance and diligent work on bringing this new revelation to light. We can only hope that this will be a “lightbulb” moment for the judges that are so “in the dark” on the 761 issue! Mike McKibben is a true inventor not Mr. Zuckerberg. He’s just a THIEF!

Congratulation Mr. McKibben! We need to keep putting on the heat on the news media and the “shameful” federal judges!! 😞

Thanks again Donna!

Now I need to get back to sending Donna’s site out to more news outlets!

Meep Meep!! 😋

I’ve had a Cabernet (or two) this evening so when I read the news, I put down my Ipad, washed my face, and checked it again......same post from our wonderful Donna. Not sure what the Zucksters (or Obama’s cabal) will do about this but perhaps Mr McKibben will finally
get credit for his brilliance. Hey Derek, Jill, and John C.

...enjoy your FB mobile apps. Perhaps it wasn’t over after all. Looks like the USPTO saw some trouble brewing and tried to cover their hind ends. I hope Dr./Mrs Zuckerberg knows what she has in the years to come...paradise is looking a little cloudy.

24. **Incredulous** | May 25, 2012 at 10:59 pm |
**Permalink**

Congratulations to Mr. McKibben and his entire team! Donna you are an amazingly gifted investigative journalist. You really should have your own show! Thank you so much for hanging in there and bringing this all to light!

As for the sorry bunch of cockroaches that should have been swished years ago, may they receive their just reward.

25. **bg761** | May 26, 2012 at 12:28 am |
**Permalink**

Has Zuck copied (stolen?) another patent and finally got caught with his hand in other peoples source code, AGAIN?

Update: Someone Is Asking The USPTO To Invalidate Zuckerberg’s News Feed Patent, But Yahoo Says Not Us. (See; http://techcrunch.com/2012/05/22/has-facebook-patent-foe-yahoo-asked-the-uspto-to-invalidate-zucks-news-feed-patent/)

How many other patents have the Facebook “engineers” copied in their “hacking” sessions? The patent office needs to take steps to protect our inventors!

Meep Meep!

26. **derek** | May 26, 2012 at 12:33 am |
**Permalink**

Meep Meep sheep sheep! So darn what? I’d like to say that FB will recover, but that would be like admitting something they had done was wrong. Even the IPO getting a bad rap! A bunch of unsophisticated folks buying in too late, and now a bunch of attorneys looking for class action. What else is new, let it go. Zuckerberg has more smarts than all of us here combined! Let him grow this more! Stop trying to ruin a great new beginning in American tech! A 100 billion dollar company was created out of nothing, and you all are working hard to spread your propaganda to tarnish it!

Right wing idiots!

27. **Silicon Valley Sad** | May 26, 2012 at 7:43 am |
**Permalink**

Hey Derek,

Try this on for size. The FB insiders (Breyer, Thiel, Hoffman, Sandberg, Zuckerberg, Milner, Summers, Andreessen, Moskovitz, Saverin, Hughes, Cox, Cohler, Ullyot, O’Rourke, Van Natta, Parker, Greylock, Benchmark, Accel Partners, Swartz, Li, DST, Digital Sky,
Morgan Stanley, JP Morgan, Goldman Sachs... I could keep going) used robber baron money from the former USSR to enrich themselves to the tune of $3 billion (Ask: How much Soviet slave labor did it take to create the $3 billion that the Silicon Valley elite pocketed before the IPO using Facebook shares — a company that stole its technology from Leader Technologies?) in an unregulated private market managed by Goldman Sachs who owns a big share in that private Moscow company. The SEC knew about this double-dealing and turned a blind eye. (See the many articles titled “Facebook went public long ago and didn’t tell us.”)

Unless we want a future tech sector run by these offspring of robber barons, we had better put the brakes on this now if we care anything at all about the future we are leaving for our children. And oh by the way, if I hear another justification that “oh well, we had the Chicago mob” I am going to puke. We should be past this lawlessness and immorality. We liberals theorize that we are continually evolving. This looks more like de-volution to me... and all propped up by supposedly left-leaning and Hollywood types and our pres. Why isn’t our president standing up for the inventor like his press secretary says he does? Why aren’t the Wall Street protesters encircling Accel Partners’s office on University Avenue in Palo Alto? Why aren’t they burning James W. Breyer in effigy? Bought off?

The business ethics in Silicon Valley have gone to the dogs. We now have Russian mobsters roaming our streets. It is pathetic how everyone here from so-called “titans” down to taxi drivers has drunk this Kool-Aid. They make Jim Jones look like a lemonade stand. This isn’t a bubble here; there are jail bars mysteriously forming around us.

Silicon Valley Sad
(and not Right Wing!)

Citizen of the New American Banana Republic formerly known as the United States of America

My business pimp tells me that bananas come in all shapes and sizes. Oh goodie.

28. **Holn8or** | May 26, 2012 at 8:53 am | [Permalink](#)

I’m with you Silicon Valley, hopefully now everything will finally come to light. I keep hoping that people will wake up and look around. This group of (my generation) what can you do for me people, will realize that their ill-gotten gains are just that. Hats off to Mike and the whole Leader Camp.

29. **Silicon Valley Sad** | May 26, 2012 at 12:19 pm | [Permalink](#)

A friend of mine is an intellectual property blogger and has forwarded to me and others the detailed warnings of insider trading and self-dealing as well as details about the misconduct at the Federal Circuit in the Leader v. Facebook case. She sent about six messages and requests for action starting many months before the IPO to deans
of the top 100 law schools in the USA. He/she said in all that time she/he received one acknowledgement to look into it, and one request to be taken off the distribution list from a prominent CA dean. That’s it. Isn’t it about time our legal profession start administering justice instead of profiting from their inattention and self-dealing? I wonder how many law professors shorted stock. I’ll bet you money that many if not most of this debacle was overseen by attorneys at every turn who were trying to be sneaky and clever. ENOUGH!!!

30. **Kathy C** | May 26, 2012 at 3:34 pm | [Permalink](#)

Journalists should start interviewing the real perpetrators of this debacle: Larry Summers, James W. Breyer, Accel Partners, Peter Thiel, Sheryl Sandberg, Juri Milner, Reid Hoffman, Fenwick & West and Marc Andreessen. Everyone else, including Goldman Sachs and JP Morgan, just carried out the plan for the cabal. Silicon Valley is going to try and shift the blame to Wall Street, but we should not let that happen. The real crimes occurred in the Valley. Why do you think the Zuck hid in the Valley to ring the opening bell? Couldn’t face the people he was deceiving?

31. **mike kennedy** | May 26, 2012 at 4:56 pm | [Permalink](#)

Congrats Mike. Thank you Donna for your insight. Com’on Leader!!

32. **newbe** | May 27, 2012 at 2:12 am | [Permalink](#)

FACEBOOK, the idea that people simply weigh the benefits (say, money) against the costs (the possibility of getting caught and punished) and act accordingly, is delinquent and disgraceful.

Facebook and Morgan Stanley practiced selective disclosure on this. Was it a botched scheme or a botched-up offering?

33. **Amy** | May 27, 2012 at 5:40 pm | [Permalink](#)

Money Morning “only the news you can profit from” looks to be a good sight to leave comments.. and somewhat BIASED...wonder why...seems to be the trend with all the papers now...Keep up the good work all of you! Hope everyone is having a great weekend with their friends and family..and be safe:)

34. **Nicotheman** | May 27, 2012 at 7:22 pm | [Permalink](#)

Tex, a Harvard team was hired by US State Dept to ‘transition’ the Soviet economy. Andrei Shleifer (tied to Summers) was the biggest culprit and settled. Summers is connected with both the collapse of the Russian economy and the US. Never miss a chance to profit off...
Is Facebook just one global money-laundering scheme with Juri Milner being the point man in Russia to feed $3 billion in dubious “oligarch” money (read: stolen off the backs of the former Soviet working man?) to the FB insiders to cash out before the IPO? Looks like they used that cash to buy everyone’s silence and buy judges and juries where needed? That wasn’t enough, they figured they could double-down and cash in a second time with the IPO using muppet money? All on the backs of a Leader Technologies invention that they stole. I had hoped the world was becoming more civilized.

For those who want to read more about Lawrence Summers’s now infamous Harvard history in Russian banking, read this testimony by Anne Williamson before the House Committee on Banking and Financial Services in 1999. In many ways Summers led the way for the current Russian oligarchy? Keep in mind, Juri Milner, CEO of Facebook’s second largest shareholder and partner of oligarch Alisher Ashimov, essentially took orders from Summers when he worked at the World Bank between 1991-1993.

Milner is the source of approx. $3 billion in Russian oligarch funds used to cash out Facebook insiders (Breyer, Andreessen, Swartz, Li, Thiel, Goldman, Morgan Stanley, Sandberg, Zuckerberg, Accel Partners, Moskowitz, Saverin, Hughes, Cohler, etc.) BEFORE the IPO (with the SEC’s blessing BTW), was being coached by Summers who was Chief Economist for the World Bank as the “voucher” system was first created in the collapsing Soviet Union. The voucher system is widely recognized now as being a massive transfer of wealth to a handful of post-Communist oligarchs who created nothing and are enjoying new wealth created on the backs of the Russian people.

Facebook COO Sheryl Sandberg was a researcher for Summers between 1991-1993 at the World Bank. Then, Sandberg became Summers’s Chief of Staff when he was US Treasury Secretary. This current manipulation of Facebook markets (?) has been a long time coming?


Are we also fighting for the average Russian who has been “raped” by these same “bankers” in both the USA and USSR, sorry, Russia?
1. I thought maybe you guys were smoking conspiracy dope, so I went to the World Bank site to verify this alleged early 90’s connection between Summers, Sandberg and Milner with the failed Russian voucher system. I verified it. Here’s one of the documents (click here) that I found in their archives where Milner promotes the agenda of the “Harvard Institute of International Development.” My other research reveals that this Institute, including Summers, was pushing an American-styled privatization system on the fledgling Russian banking system. As the Anne Williamson Congressional testimony points out, this approach was arrogant and wrongheaded. One of its consequences is the current robber baron system called “oligarchies” where some very seedy characters are potentates over massive unearned wealth. It appears that Mr. Summers and the Facebook cabal figured out how to shift some of this unearned wealth their way in what Milner referred to in 2010 as an ($3 billion) “IPO Supplement,” then again in the IPO. Anyone besides me smell money laundering?

2. My conclusion is that this voucher system failed the Russian people, but it appears to be lining the pockets of these Silicon Valley “titans” Sheryl Sandberg, Juri Milner and their coach Lawrence Summers. Why didn’t the SEC stop this IPO until these conflicts of interest were fully vetted? Why weren’t the conflicts disclosed to prospective investors? Oh I forgot, the SEC rules are not intended for them, only for us schmucks. Anyone smell rotten fish?

3. Should we dub the Facebook IPO and its “Pre-IPO Supplement”: The New American Robber
Someone called us a banana republic. This confirms it. What are this administration, our law makers, and our law enforcers doing to stop this lawlessness and immorality? What’s with the top 100 law school deans who were warned of this Silicon Valley insider double-dealing and did nothing? Apparently they’re all doing nothing that we pay them to do. All I see are photo ops of our president with Mark Zuckerberg. This is frightening, especially on this Memorial Day when we are honoring those who fought and died for our freedoms.

Financial Report Barry Ritholtz has figured out much of the Facebook scam (calls the S-1 “legalese garbage” – we knew that!). He just needs a few more facts from Donna’s investigation (http://www.donnaklinenow.com). Let’s all write him. I have researched his contact information which I include below, not sure which one is best, so in my experience with getting media attention, the best thing to do is send to all of them. They’re used to that and take the persistence as a sign that the story must be important. (All you need to do is click the email link and it will fill in the subject for you 😊.)

1. Here’s Barry’s YouTube interview “Why Facebook Is Almost as Greedy as Bernie Madoff” (http://youtu.be/w06DH3nK6U) – Barry confirms Donna’s assessment, but he does not yet appear to know about the theft of Leader Technologies’s intellectual property as the basis for what he calls the “stupid greed.”

2. Barry’s company is called FusionIQ (https://www.fusioniqrank.com/) and the email address at Fusion is info@fusioniqrank.com
Remember to include Donna’s link and a short message. Here’s Donna’s link: [http://www.donnaklinenow.com](http://www.donnaklinenow.com). Encourage Barry and his researchers to read ALL of Donna’s posts going back to “Big Trouble Ahead for the Facebook IPO?” video interview with Leader’s Michael McKibben and not just the latest one in order to fully understand the depth of this scandal.

**40. gg | May 28, 2012 at 12:48 pm | Permalink**

Sally – Thanks for all the great info. Will send emails to all his addresses as you suggest. Hope everyone will follow your lead. It should work.... It’s crazy how this story can’t find it’s way to the bottom.

**41. Bill Cranbrook | May 28, 2012 at 1:16 pm | Permalink**

Donna, here’s HTML (you’re welcome!) for Mike Papantonio, host of Ring of Fire, and president of the National Trial Lawyers Assoc., skewers the Facebook Silicon Valley cabal and their Wall Street bankers. Mike seems to have things mostly figure out, but does not seem to be unaware of the underlying intellectual property theft of Leader Technologies’s inventions that underpin this whole conspiracy. WE SHOULD ALL WRITE TO MIKE PAPANTONIO, he is on a war path and interviewed quite often. Mike’s website is Ring of Fire Radio [http://www.ringoffireradio.com/](http://www.ringoffireradio.com/) and the email address is info@ringoffireradio.com

See Mike’s YouTube videos:

- “The Facebook IPO Fraudsters” ([http://www.youtube.com/watch?v=xqkCVZRmr_E](http://www.youtube.com/watch?v=xqkCVZRmr_E))
- “Bankers Pigs At The Facebook Trough” ([http://www.youtube.com/watch?v=HwrrwULLSio](http://www.youtube.com/watch?v=HwrrwULLSio))

Here is Mike’s contact information (some of us should TELEPHONE MIKE tomorrow):

Mike Papantonio
Levin Papantonio Thomas Mitchell Rafferty & Proctor, P.A.
316 South Baylen Street, Suite 600
Pensacola, Florida 32502
Phone (local): (850) 435-7000
Sally recommends that we include Donna’s blog link http://www.donnaklinenow.com and a personal message from your unique perspective. Include your recommendations to Mike and encourage him to study ALL of Donna’s previous posts to get the full story. SuperSleuth’s revelations about the ties between this deal and Russian banking seems outrageous and very important to understanding the depths of this duplicity.

42. **Speechless** | May 28, 2012 at 3:10 pm | Permalink

Securities Arbitration & Investment Fraud Attorney

Mike Papantonio
Levin Papantonio Thomas Mitchell Rafferty & Proctor, P.A.
316 South Baylen Street, Suite 600
Pensacola, Florida 32502
Phone (local): (850) 435-7000
Phone (toll free): (888) 435-7001
Fax: (850) 435-7020
Email: mpapantonio@levinlaw.com
Profile: Mike Papantonio
Website: http://www.levinlaw.com

Let’s all make a connection with him as well.

43. **Incredulous** | May 28, 2012 at 4:21 pm | Permalink

This may be a good place to get some exposure. Hopefully it’s not too late for this first movie...


44. **Incredulous** | May 28, 2012 at 4:25 pm | Permalink

Sorry to get everyone’s hopes up regarding the upcoming movie. Looks like March 31 was the cut-off. However, there’s sure to be enough left-over (and ever-increasing) material for a sequel!

45. **julie** | May 28, 2012 at 6:46 pm | Permalink

Rebecca Greenfield writes for *The Atlantic Wire*. She just wrote a several article titled “The Small Investors Who Lost Big on Facebook’s IPO.” We should all write her and share Donna’s site http://www.donnaklinenow.com and our personal insights on this scandal.

http://www.theatlanticwire.com/technology/2012/05/small
Here’s Rebecca’s email address: rgreenfield@theatlantic.com
Rebecca Greenfield (http://twitter.com/rzgreenfield) on Twitter

Henry Blodget covers Facebook and is CEO and Editor of Business Insider and has written a number of scathing articles on the Facebook IPO at http://www.businessinsider.com/author/henry-blodget
Henry's email is hblodget@businessinsider.com
Henry Blodget (http://twitter.com/hblodget) on Twitter

Heidi Moore of The Guardian is covering the Facebook scandal. We should all write her with Donna’s blog link http://www.donnaklinenow.com and tell her the untold stories of the stolen Leader intellectual property and the 20-year undisclosed Russian banking conflicts of interest among Summers, Milner and Sandberg that may have driven this entire debacle.


Heidi Moore’s email is heidi.moore@guardian.co.uk
Heidi Moore (http://twitter.com/moorehn) on Twitter.

SHANE MCGLAUN writes for Ars-technica and SlashGear. His article on May 25, 2012 was “Facebook IPO debacle triggers class-action suit” http://wwwslashgear.com/facebook-ipo-debacle-triggers-class-action-suit-25230017/
I just wrote him about Donna’s site at smcglaun@gmail.com hope others do too. The more the better!

A set of emails to the deans of the top 100 American law schools has surfaced. These emails started raising the Facebook insider-dealing red flag as early as September of 2011, mostly citing Donna’s blog. The bigger question is “What did these lawyers and legal leaders do with these requests for intervention?”
Donna may have included this in an earlier post, but I’ve been researching Erskine Bowles:

White House Chief of Staff under Clinton while FB COO Sheryl Sandberg was Treasury Dept. Chief of Staff.

Chosen by Obama to be Co-Chairman of the National Commission on Fiscal Responsibility and Reform.

Now on Facebook’s Board of Directors, what kind of influence might he have to make sure FB can safely navigate any challenge in D.C.?

The interconnections between former Obama bail out director Lawrence Summers with Facebook’s COO Sheryl Sandberg, and this mysterious Moscow-based DST (aka Digital Sky Technologies) Russian Juri (aka Yuri) Milner were sitting out there like huge unanswered questions for me. Soooo, I put together the illustration I am emailing you. Would your webmaster be so kind as to post my graphic below this text. It shows how all these individuals are very much intertwined and connected to the failed Russian voucher system from the early 1990’s that gave rise to the current robber baron system in Russia otherwise called the oligarchy. From everything I have read, these three individuals were major players in making that system happen. It appears that they used that unearned wealth to enrich themselves and their “friends” through the private sale of up to $3 billion in Facebook stock before the IPO ever happened. So it appears that the average Boris and Natasha Russian who created the oligarch’s underlying wealth are now helping pay off California’s deficit (along with the muppets who invested in the Facebook IPO)? Double Wow.

Is it just me, or is the naked audacity of these Facebook people and their handlers signaling their intent to try and bring down (destroy public confidence in) the US banking
system? From all that I read, James W. Breyer and Accel Partners are already nicely officed in Bangalore, London, Beijing, and Moscow. So is Goldman Sachs (remember, we bailed them out). Eduardo Saverin has already renounced his US citizenship. Will the rest of these bandits follow if the heat turns up too high? What is Lawrence Summers’s grand (undisclosed) plan? Is their plan to replace the US Dollar with Facebook Credits? Our lawmakers need to get to the bottom of this, and NOW. I am tired of hearing their excuses and “other” more pressing priorities.

How can Erksine Bowles be on Pres. Obama’s National Commission on Fiscal Responsibility and Reform and be on Facebook’s board? What is going on is manifestly scandalous.

53. isn’t that special? | May 30, 2012 at 2:05 pm |
Permalink
Facebook is saying the Zuck isn’t speaking right now due to “quiet period” SEC Rules. This is what I call “selective compliance.” These people have broken just about every SEC disclosure rule in the books... but they are now complying with the quiet period? What a $#$$#$ joke. These people are an absolute assault on human decency.

54. Winston Smith | May 30, 2012 at 2:58 pm |
Permalink
Every single person that was involved in these dispicable crimes should all serve time! A long time! The people that work for the SEC included. Absolutely amazing. Is there such a thing as rules anymore? Do we not have any self respect? No conscious? Integrity? “Self preservation” is more than just having lots of money. It is a combination of self worth(WORKING HARD AND NOT STEALING FROM OTHERS) and pride for oneself. Come on people! Someone needs to hold these people accountable, for once, for their actions! They frankly need to start over in kindergarten. Learn the basics of really what makes the world go round, correctly!

55. holn8or | May 30, 2012 at 3:03 pm | Permalink
I don’t understand how our country can continue to stand by and let this happen. Many people are ignorant to the facts but too many know ,and are willing to keep quiet for money. Please do the right thing and at least tell the truth. It is the right thing to do. So many people depend on it.

56. isn’t that special? | May 30, 2012 at 4:02 pm | Permalink
I vote for the “holn8or” for President!

Just do the right thing, what a novel concept. I was taught The Golden Rule as a child. What were these people taught?
57. **Nana** | May 31, 2012 at 11:59 am | Permalink

*From Donna (May 31, 2012 4:16 PM EDT):*

Dear Nana (and everyone), please have a look at this article from the Huffington Post. (Click here) Another Donna out there with an axe to grind! P.S. New post coming soon.


58. **julie** | May 31, 2012 at 3:44 pm | Permalink

Here’s a list of the Facebook insiders who dumped their stock on the third day of trading (May 22, 2012). Is this obscene or what? Breyer at $6.51Billion. So much for belief in the long term prospects?

<table>
<thead>
<tr>
<th>NAME:</th>
<th>PRICE(S)</th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. James W. Breyer et al (Accel Partners)</td>
<td>$37.58</td>
<td>$ 6.51 Bil</td>
</tr>
<tr>
<td>2. Juri Milner et al (DST, MailRU, Digital Sky)</td>
<td>$37.58</td>
<td>$ 3.79 Bil</td>
</tr>
<tr>
<td>3. Mark Zuckerberg</td>
<td>$37.58</td>
<td>$ 1.13 Bil</td>
</tr>
<tr>
<td>4. Goldman Sachs</td>
<td>$37.58</td>
<td>$ 914 Mil</td>
</tr>
<tr>
<td>5. Peter Thiel</td>
<td>$37.58</td>
<td>$ 633 Mil</td>
</tr>
<tr>
<td>6. Meritech Management</td>
<td>$37.58</td>
<td>$ 263 Mil</td>
</tr>
<tr>
<td>7. Microsoft</td>
<td>$37.58</td>
<td>$ 246 Mil</td>
</tr>
</tbody>
</table>

**TOTAL**

**$37.58**

$13.26 Bil

SPECIAL NOTE: Microsoft’s MSN Money site dramatically under reports the selling prices at mostly $31 when in fact all these insiders sold at $37.58 according to EDGAR. Bottom line is that Microsoft’s site is dramatically misrepresenting the breadth and depth of the insider trading on Day 3 in which they participated. See [http://investing.money.msn.com/investments/insider-transactions?symbol=FB](http://investing.money.msn.com/investments/insider-transactions?symbol=FB); now see the Yahoo Finance site whose numbers are consistent with EDGAR at [http://finance.yahoo.com/q/ir?s=FB+Insider+Roster](http://finance.yahoo.com/q/ir?s=FB+Insider+Roster). If you wish to dig down further into EDGAR, go to [http://www.secform4.com/insider](http://www.secform4.com/insider) then enter the trading symbol “FB”

Taking bets that Breyer is preparing his dacha in the Crimea right now. It is a Mediterranean climate. Do you think the Zuck and his new bride are checking out their new digs next door? I hear the Black Sea coast is nice starting this time of year. Do you think average Boris and Natasha Russian are going to take kindly to watching this Milner oligarch diplomacy on the backs of the average Russian / Ukrainian / former Soviet blood, sweat and
tears? (Lots of tears in the Ukraine.) If I were Lawrence Summers I’d be getting nervous right now that my cleverness might bring me down. Time will tell.

59. **Joseph** | May 31, 2012 at 4:56 pm | Permalink
Let me get this right. Are you telling me that Facebook raised $16 billion for the company’s operations, and at the same time rewarded the insiders with a near equal amount of $13.26 billion? I’m not a financial genius, but I’m willing to bet that’s why their stock took a dive into the crapper!

60. **Tex** | May 31, 2012 at 6:04 pm | Permalink
Well Google just won its lawsuits against Oracle regarding the theft and use of Oracle’s COPYRIGHTED Java software in Google’s platform…. This is just one more classic example of our looming demise. OK, let’s shutdown the copyright office, the patent office, our border patrol, our Dept of Justice, and our Catholic schools, charities and hospitals. Who the heck needs to file for protection of design? Why have borders or voting restrictions? Let’s shut down the FDA, the EPA, the PTA, the DOT, and anything else with initials. Let’s eliminate all grades in school and let everyone win. From now on our society should be a fricken’ free for all. What the heck has happened to America? We have become the laughing stock of the world, our politicians are corrupt, our financial money guys are corrupt, and now our courts are even corrupt…..I am finally getting real mad…..

61. **Brad** | May 31, 2012 at 7:08 pm | Permalink
TOUT TOUT TOUT
I have seen my share of pump and dumps, but they are usually on the Pink Sheets or OTCBB. This promotion is EPIC in its proportions! If this were a film, Cecil B. Demille, David Lean, or James Cameron would be underqualified for this production!

When I used to think of billionaires, I’d think of the Carnegie’s, Annenbergs, or hundreds of others who amassed wealth with an eye for society’s betterment and how to make a buck supplying such. Seems like so much greed now blinds men to amassing money not by fair play, but by it’s accumulation at any cost! Good thing Pablo Escobar wasn’t in to floating offerings!

62. **Bill Cran** | June 1, 2012 at 10:44 am | Permalink
OK Tex, I too am getting really mad. I am ready to put my money where my mouth is. I have just sent notices to Leader Technologies, their attorneys, my lawyers, my Congressman and several news reporters who I am keeping informed on this case, that I am prepared to offer a reward to anyone who steps forward with information of wrongdoing in Leader v. Facebook. Specifically, I am a computer scientist and have never
believed it was possible for Zuckerberg to have built the first version of Facebook in “one to two weeks” like he testified in the Winklevoss Twins case. I have always believed his boasting about hacking was a smokescreen just in case he ever got caught, he’d say “I told you I’m a hacker.”

I am ready to reward any person who has information that can help prove that Mark Zuckerberg obtained a copy of Leader’s source code, and/or that Facebook attempted to destroy evidence or influence federal judges and jury members. Let’s use Leader’s Tip Line voice mail box to leave an anonymous message at (419) 395-9150. Be sure to leave information about some way to get in touch with you or a trusted third party about your tip.

-Bill

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Email *

Website

Comment

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« // FACEBOOK IPO – IS THE BUBBLE OVER BEFORE IT STARTED? »