

THE SILICON VALLEY VENTURE CAPITAL SCAM FACTORY

The idea that any of the eager little millennial spunky founders will ever get seriously considered by a Sand Hill Road VC is a fantasy. Every pitch viewed by a VC is simply an exercise in industrial espionage and the first step in the greatest Ponzi scheme ever developed.

The VC's need constant grist to sell BS to the pension funds that they get their actual cash from. They need to constantly bring a new scam to the table to distract from the old scam. Each start-up founder is screwed over, lied to, manipulated, colluded against, has his technology stolen and is defrauded by the Kleiner Perkins, The Accel's, The Greylocks, the Draper Fisher's and all of the, so-called, "respectable" VC firms. When the VC's aren't date raping their interns and sexually manipulating the single moms of tech, they are bribing politicians and rigging elections for their personal benefit...

So A Blogger Walks Into A Bar...

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Yesterday I was tipped off about a “secret meeting” between a group of “Super Angels” being held at Bin 38, a restaurant and bar in San Francisco. “Do not come, you will not be welcome,” I was told.

So I did what any self respecting blogger would do – I drove over to Bin 38, parked my car and walked in.

in the back of the restaurant in a private room was a long oval table. Sitting around the table, Godfather style, were ten or so of the highest profile angel investors in Silicon Valley. These investors, known as “super angels” because they have mostly moved on to launch small venture funds of their own, are all friends of mine. I knew each person in the room very, very well.

I certainly didn’t think anything was amiss and I expected a friendly hello and an invitation to sit down for a drink or two before being shooed off while they talked about whatever they thought should be kept off record. But instead it [went something like this](#):

Me: Hey!

Person who was talking: oh, oh no.

Me: Hi. I heard you guys were here and I wanted to stop by and say hi.

Them: dead silence.

Me: so....

Them: Deafening silence.

Me: This is usually where you guys say "sit down, have a drink."

Them: not one sound

Me: This is awkward. I guess I'll be leaving now.

I've never seen a more guilty looking group of people. But that alone isn't that big of a deal. Lively conversations often die quickly when I arrive, and I've learned not to take it personally. But I did sniff around a little afterwards, and have spoken to three people who were at that meeting. And that's where things got interesting.

This group of investors, which together account for nearly 100% of early stage startup deals in Silicon Valley, have been meeting regularly to compare notes. Early on it was mostly to complain about a variety of things. But the conversation has evolved to the point where these super angels are actually colluding (and I don't use that word lightly) to solve a number of problems, say multiple sources who are part of the group and were at the dinner. According to these sources, the ongoing agenda includes:

- Complaints about Y Combinator's growing power, and how to counteract competitiveness in Y Combinator deals
- Complaints about rising deal valuations and they can act as a group to reduce those valuations
- How the group can act together to keep traditional venture capitalists out of deals entirely

- How the group can act together to keep out new angel investors invading the market and driving up valuations.
- More mundane things, like agreeing as a group not to accept convertible notes in deals (an entrepreneur-friendly type of deal).
- One source has also said that there is a wiki of some sort that the group has that explicitly talks about how the group should act as one to keep deal valuations down.

At least two people attending were extremely uneasy about the meetings, and have said that they are only there to gather information, not participate.

So what's wrong with this?

[Collusion](#) and [price fixing](#), that's what. It is absolutely unlawful for competitors to act together to keep other competitors out of the market, or to discuss ways to keep prices under control. And that appears to be exactly what this group is doing.

This isn't minor league stuff. We're talking about federal crimes and civil prosecutions if in fact that's what they're doing. I had a quick call with an attorney this morning, and he confirmed that these types of meetings are exactly what these laws were designed to prevent.

I'm not going to say who was at the meeting since at least a couple of the attendees are saying they were extremely uncomfortable with the direction the conversation was going. But like I said, it included just about every major angel investor in Silicon Valley.

On a side note, this is a difficult post to write, because I call nearly every person in that room a friend. But these actions are so completely inappropriate it has to be called out.

A couple updates:

- [Finger-Pointing, Emails, Deleted Tweets, Rage. AngelGate Is Far From Over](#)
- [Ron Conway Drops A Nuclear Bomb On The Super Angels \[Email\]](#)
- [Ron Conway Would Like To Clarify His Nuclear Attack On Fellow Angels](#)

[AngelGate: Chris Sacca Responds To Ron Conway](#)