

More Silicon Valley Cartel Mobster-like rigging of companies uncovered

Investor lawsuit accuses Facebook director of disloyalty

Network rejects claim Andreessen helped Zuckerberg secure control in shares move

Hannah Kuchler
Financial Times



[Facebook investors accuse Marc Andreessen of disloyalty](#)

Two of Silicon Valley's most prominent leaders, [Mark Zuckerberg](#) and [Marc Andreessen](#), have been accused of co-operating behind the scenes to prioritise the Facebook founder's control over the company at the expense of ordinary investors.

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Shareholders suing the social network over its introduction of a third class of shares accused Mr Andreessen of "stunning" disloyalty after text messages between the board member and the [Facebook](#) founder and chief executive were revealed in a deposition at the Delaware Court of Chancery.

The plaintiffs argue the reclassification of the stock was a "self-interested agglomeration of power". They claim the process to decide whether Mr Zuckerberg should be granted the new class, which enables him to keep control of the company while selling down his stake to fund charitable works, was "severely compromised" by the committee overseeing the decision, on which Mr Andreessen sat, and the company's legal and financial advisers.

Facebook's lawyers argue that the "serious charges" against Mr Andreessen, bankers Morgan Stanley and lawyers Wachtell Lipton are "false" and "will not withstand exposure to the evidence". In particular, they criticise the plaintiffs for assuming that Mr Andreessen was not authorised to discuss the proposal with Mr Zuckerberg.

A Facebook spokesperson said the company was "confident that the special committee engaged in a thorough and fair process to negotiate a proposal in the best interests of Facebook and its shareholders". A representative for Mr Andreessen did not comment. The lawsuit was first reported by Bloomberg.

When the committee decided to grant Mr Zuckerberg permission to pursue the change, which would inevitably pass a shareholder vote because Mr Zuckerberg had the majority of voting rights, Mr Andreessen texted the Facebook CEO: "The cat's in the bag and the bag's in the river." Mr Zuckerberg appeared to misunderstand the metaphor, asking: "Does that mean the cat's dead?" to which Mr Andreessen replied: "Mission Accomplished".

The plaintiffs are arguing that the special committee did not properly represent the wishes of class A shareholders, those with the least voting rights, or consider whether they should receive financial compensation as their shares might now trade at a discount. The shareholders pursuing the lawsuit argue that when a similar structure was introduced at [Google](#), it led to the shares with fewer voting rights trading at a lower price.

Other text messages discovered in the deposition appear to show Mr Andreessen keeping Mr Zuckerberg up to date on the discussions within the committee, both by arranging calls before significant meetings and texting during a conference call to deter Mr Zuckerberg from some strategies.

"This line of argument is not helping. They are both genuinely trying to get to the right answer. THIS is the key topic. Agree NOW WE'RE COOKING WITH GAS," he texted.

The plaintiffs also argue that the special committee was not shown financial analysis prepared by Evercore that estimated the value of control to Mr Zuckerberg was \$6.5bn to \$8.7bn, or 3 to 4 per cent of Facebook's market value, and suggested that compensating shareholders was an option. The deposition shows changes made between two versions of the presentation, which the plaintiffs argue made the slides "more Zuckerberg friendly".

Facebook is fighting against requests to uncover more documents subject to attorney-client privilege. The company argues the requests represent a "fishing expedition" by shareholders who are not alleging misconduct and who have only "nominal" ownership interests in Facebook.