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EXCLUSIVE

Silicon Valley Women Tell of VC's Unwanted Advances



By Reed Albergotti



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Half a dozen women working in the tech industry say they have faced unwanted and inappropriate advances from a well-connected Silicon Valley venture capitalist while discussing business. The allegations have come to light as the technology industry grapples with criticism over long-standing gender inequality and bias.

The women say they faced these advances from Justin Caldbeck, who over the past decade worked at Bain Capital Ventures and Lightspeed Venture Partners before starting his own firm, Binary Capital. Several of the women say the advances occurred when they sought funding or advice while trying to start businesses. At least two of the women decided to avoid business dealings with Mr. Caldbeck as a result of the episodes.

THE TAKEAWAY

Six women accused a well-connected venture capitalist of inappropriate advances.

The women spoke with The Information about those allegations and three agreed to come forward and make their identities known in order to draw attention to the types of inappropriate behavior women face in the technology industry.

While Mr. Caldbeck, 40, isn't well-known outside the close-knit world of venture capital and technology, his firm has raised \$300 million and has financed an array of startups such as interior design startup Havenly and online shopping company Dia & Co. Before starting

Binary, he led investments in companies like GrubHub and TaskRabbit. Binary has been the subject of profiles in publications such as The New York Times and Forbes. Like many VCs, he has the power to influence the fate of young businesses who come to his firm for funding.

The women who made the allegations include Niniane Wang, who co-created Google Desktop and served as CTO of Minted, and Susan Ho and Leiti Hsu, co-founders of Journy, a travel planning and booking service. Ms. Wang alleges Mr. Caldbeck, while informally trying to recruit her for a tech company job, tried to sleep with her. Ms. Ho said that Mr. Caldbeck, while discussing investing in their startup, sent her text messages in the middle of the night suggesting they meet up. Ms. Hsu says that Mr. Caldbeck groped her under a table at a Manhattan hotel bar.

Three others had similar stories. One of the women, a former business colleague of Mr. Caldbeck's, showed The Information sexually explicit text messages she said she received from Mr. Caldbeck while they had a business relationship. Another said that at a meeting meant to discuss a business deal, Mr. Caldbeck suggested they go to a hotel room together. These women didn't want their names used because, they said, they feared retaliation from Mr. Caldbeck. They also worry about suffering a backlash from men in the industry who don't see inappropriate advances as a very big deal.

Ms. Ho and Ms. Hsu knew each other and discussed their encounters with Mr. Caldbeck with each other at the time they occurred. The other four women's run-ins with him took place independently, although some of them knew each other socially and shared their stories with one another, either at the time they happened or later on. The Information corroborated their accounts by reviewing notes sent over emails and messaging apps such as iMessage and

WhatsApp, as well as by interviewing other people with knowledge of the episodes.

“There is definitely a cost to speaking out,” said Ms. Wang. She said she chose to talk publicly about her experiences with Mr. Caldbeck because she felt staying silent was tantamount to allowing other women to experience unwanted advances.

In a statement, Mr. Caldbeck said, “I strongly deny The Information’s attacks on my character. The fact is, I have always enjoyed respectful relationships with female founders, business partners, and investors.”

Binary issued a statement that said the notion Mr. Caldbeck had “engaged in improper behavior with female entrepreneurs” was “false.” Binary said that while The Information had “found a few examples which show that Justin has in the past occasionally dated or flirted with women he met in a professional capacity, let’s be clear: there is no evidence that Justin did anything illegal and there is no evidence that any of his investing decisions were affected by his social interests.”

UPDATE: Through a spokesman, Mr. Caldbeck issued an additional statement on Thursday afternoon: “Obviously, I am deeply disturbed by these allegations. While significant context is missing from the incidents reported by The Information, I deeply regret ever causing anyone to feel uncomfortable. The fact is that I have been privileged to have worked with female entrepreneurs throughout my career and I sincerely apologize to anyone who I made uncomfortable by my actions. There’s no denying this is an issue in the venture community, and I hate that my behavior has contributed to it.”

No Ordinary Flirtations

A venture capitalist chasing after women might not raise eyebrows in Silicon Valley. But these women distinguished Mr. Caldbeck’s behavior from ordinary flirtations among adults. “Hanging out late at night is a regular thing and it’s OK, but this crossed the line,” said Ms. Hsu in an interview, referring to her interactions with Mr. Caldbeck.

“I felt emotionally trapped,” said Ms. Wang. “To be thrust into that situation with no preparation, where you might have to do something that ends the professional relationship, it was very hard to know what to do.”

About a dozen other women in the tech industry privately told The Information they had been in similar situations with other venture capitalists. Faced with unwanted advances by powerful men in the industry, it can be difficult to respond without hurting their own business prospects. As a result, some of these women say they gave up or never tried to found companies. They believe it is one reason female tech founders are such a small minority in the industry. Last year, 89% of investment decision-makers at the top 72 U.S. venture capital firms were male, according to The Information's Future List, an annual survey of diversity conducted with Social Capital.

Aileen Lee, the founder of Cowboy Ventures, said other women who have spoken up about this kind of behavior have faced trolling on Twitter and retaliation from others in the tech industry. "It's shocking and it's wrong," she said. Tech leaders and senior VC executives need to "double down" in their efforts to be more inclusive and to "erase inappropriate behavior...and sexism."

A number of prominent allegations of workplace sexual harassment in high-profile industries have surfaced in recent months. Sexual harassment allegations led to the resignations of top figures at Fox News, including on-air personality Bill O'Reilly and CEO Roger Ailes. Uber recently laid off more than 20 employees after an investigation into workplace culture that was sparked by a sexual harassment allegation made by a former Uber engineer. (The resulting controversy at Uber also led to Uber CEO Travis Kalanick's resignation on Tuesday.)

But in venture capital, where female entrepreneurs deal with venture capitalists who are overwhelmingly male, there are fewer controls over sexual harassment than exist in the traditional employer-employee situation. Laws that protect employees from sexual harassment **don't specifically address** the VC-founder relationship. Many people say the VC industry is decades behind other industries that have tried to curb it. The fact that the tech industry is dominated by young men, in particular, may increase the prevalence of inappropriate behavior.

"Hanging out late at night is a regular thing and it's OK, but this crossed the line."

Uncomfortable Experiences

Justin Caldbeck's career in venture capital began in early 2005, when he joined Bain Capital Ventures after a stint at McKinsey & Co. In 2008 he moved to Silicon Valley as one of Bain's first staffers in a new West Coast office. Two years later, on an August evening in 2010, Mr. Caldbeck met Ms. Wang at the bar at Cascal, a restaurant in Mountain View. At the time, she ran a co-working space for elite entrepreneurs called Sunfire, whose "sponsors" included Bain, represented by Mr. Caldbeck. (Instead of owning shares in Sunfire, its financial backers—which it called sponsors—received access to high-profile entrepreneurs who worked at Sunfire's co-working space.) Mr. Caldbeck had asked Ms. Wang for her advice on a potential investment, according to an email reviewed by The Information.

But Ms. Wang says when they arrived at the bar and she asked him about the startup he wanted to discuss, Mr. Caldbeck changed the subject and asked Ms. Wang about her dating history. Then, sitting at a booth, she said he moved closer to her so their bodies were touching. Ms. Wang felt uncomfortable, but stayed because of her firm's ties with Bain. At one point, Ms. Wang says she agreed to allow Mr. Caldbeck to embrace her. A little later she felt uncomfortable and asked Mr. Caldbeck to give her a ride home. In the car, she said he pressured her to allow him to stay the night in her apartment, but Ms. Wang said she said no.

Mr. Caldbeck continued to pursue a relationship with Ms. Wang for weeks, she says. At the same time, Mr. Caldbeck offered to recruit her to a senior leadership position at another company he was considering funding, according to emails reviewed by The Information. Ms. Wang says she continued to rebuff him.

Some time later, in May of 2011, after Mr. Caldbeck had left Bain, he emailed Ms. Wang and her Sunfire co-founder to say he wanted to stay involved with Sunfire with his new firm Lightspeed, according to emails reviewed by The Information. Ms. Wang and her co-founder refused his request, according to the emails. In an interview, Ms. Wang said she had told her co-founder about her interaction with Mr. Caldbeck and she felt it had become uncomfortable for her to be around him.

Another woman, one of the six who talked to The Information but one who didn't want to be

identified in the article because she feared complaining publicly would hurt her ability to work in the industry, said she had several meetings with Mr. Caldbeck to discuss Bain making an investment in her company. But when she showed up to a restaurant to discuss a possible investment, Mr. Caldbeck instead offered to take her to a nearby hotel room. She said she explained that she was in a relationship and Mr. Caldbeck asked her if she wanted to be in an “open relationship.” The woman said she was shocked and upset at the proposition and walked out. She decided not to pursue funding from Bain.

In early 2011, Mr. Caldbeck left Bain and joined Lightspeed. In his time there, the CEO of a Lightspeed-backed startup complained to a colleague that Mr. Caldbeck was making her uncomfortable, says a person familiar with the episode. At the woman’s request, Lightspeed removed Mr. Caldbeck as its liaison to the firm’s board, said another person with knowledge of the matter. Through a spokeswoman, the woman declined to comment. (The woman is not one of the six who talked to The Information.)

Mr. Caldbeck, through a spokesman, strongly denied any “misconduct” against the woman, saying the allegations were “simply false.” A person familiar with Mr. Caldbeck’s thinking said his departure from the board had nothing to do with the complaint, noting it was common for early investors to step away from company boards after the companies have raised more money.

UPDATE: A person familiar with the situation has identified the woman as Katrina Lake, CEO of Stitch Fix. In a statement on Tuesday, Ms. Lake said: "Female entrepreneurs are a critical part of the fabric of Silicon Valley. 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. I'm encouraged by the discussions that have been taking place and I intend to play a part in making positive changes in our industry."

Mr. Caldbeck left Lightspeed in 2014, about a year after the allegation, to start Binary. Jeremy Liew, a partner at Lightspeed, said recently that the departure was a mutual decision.

In early 2015, Mr. Caldbeck approached Ms. Ho, who was then working on launching Journy. Mr. Caldbeck said he was interested in recruiting Ms. Ho to work at a startup he was planning to fund, Ms. Ho said. After meeting for drinks one night to discuss the startup, Mr. Caldbeck

sent her text messages at about 1 a.m. attempting to get her to meet up with him again that night, according to WhatsApp messages reviewed by The Information. She interpreted his late-night invitation as an inappropriate advance. She didn't respond until the next morning, when she said that "1 am on a weeknight is so past my bedtime," the messages showed. He replied: "well, I gotta try and change that, LOL."

Ms. Ho didn't take the job at Mr. Caldbeck's portfolio company and kept working on Journey. In the winter of last year, Ms. Ho says Journey ran into a rough patch and was badly in need of financing. Several people suggested she talk to anyone, including Binary, about funding. She and Ms. Hsu met with Mr. Caldbeck at a bar in New York. During that meeting, Mr. Caldbeck grabbed Ms. Hsu's thigh under the table, Ms. Hsu said. A few minutes before 3 a.m. that night he texted her, saying he had tried to call her and would she call him back, according to messages reviewed by The Information. Ms. Hsu didn't respond until the next afternoon, sidestepping the issue with a lighthearted comment about work, the messages show.

Mr. Caldbeck eventually expressed interest in funding Journey. But Ms. Ho and Ms. Hsu were disappointed at the terms he discussed and turned him down, Ms. Ho said.

Binary's investors, or limited partners, include the University of California, Los Angeles, Weathergage Capital and Legacy Venture. Those firms declined to comment for this article.

Subscriber Comments



Terrence Yang

Founding Partner - Yang Ventures

Thank you for reporting this with The Information's usual depth and thoroughness.

I bet a lot of victims and others right now are watching to see what happens to people like Susan Fowler, Justin Caldbeck, the other brave women who stepped forward to speak out against sexual harassment.

Will entities like UCLA do anything know that this is published?

And can Silicon Valley be more accountable than Wall Street and political campaigns?