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Superior Court of California,
County of San Francisco

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO - UNLIMITED JURISDICTION

HARMONY OSWALD,

Plaintiff,

vs.

Y COMBINATOR MANAGEMENT,
LLC, A DELAWARE LIMITED
LIABILITY COMPANY; Y
COMBINATOR ES20, LLC, A
DELAWARE LIMITED LIABILITY
COMPANY; Y COMBINATOR ES24,
LLC, A DELAWARE LIMITED
LIABILITY COMPANY; YC
AFFILIATES FUND II, L.P., A
DELAWARE LIMITED PARTNERSHIP;
YC AFFILIATES FUND IIA, L.P., A
DELAWARE LIMITED PARTNERSHIP;
YC AFFILIATES FUND II (QP), L.P., A
DELAWARE LIMITED PARTNERSHIP;
AND DOES 1-20,

Defendants.

Case No.: CGC-25-625277

2nd AMENDED COMPLAINT FOR:

- 1. Fraudulent Inducement**
- 2. Fraudulent Misrepresentation**
- 3. Negligent Misrepresentation**
- 4. Fraudulent Concealment**
- 5. Promissory Fraud**
- 6. Constructive Fraud**
- 7. Misappropriation of Trade Secrets**
- 8. Breach of Implied Contract / Idea Theft**
- 9. Breach of Confidentiality / Ethics**
- 10. Negligence**
- 11. Unfair Competition**
- 12. Unjust Enrichment / Restitution**
- 13. Promissory Estoppel**

Damages: Unlimited. Exceeds \$25,000.

GENERAL ALLEGATIONS

1. While in law school at Santa Clara University, Harmony Oswald (hereinafter "Harmony" or "Plaintiff") invented an **Artificial Intelligence (AI)-powered co-founder matching platform** to help entrepreneurs (1) **find their co-founder** and (2) **get funded**.

See **Exhibit A**, Harmony’s 2018 application to Y COMBINATOR MANAGEMENT, LLC; YC AFFILIATES FUND II, L.P.; YC AFFILIATES FUND II (QP), L.P. (hereinafter “YC,” “Defendant,” or “Defendants”), with her AI-powered co-founder matching platform, **Page 2, Line 2**, and **Page 4, “IDEA” Lines 11-17**; See **Exhibit B**, YC’s statement on YC’s co-founder matching platform launched after Harmony’s YC application, “*Our goal with co-founder matching is to help you (1) find your co-founder and then (2) fund your company”).*

2. Harmony’s invention was meticulously engineered through rigorous research and empirical data addressing a substantial problem: “The current system relies on individual whims to start companies,” and “failure to form teams holds founders back from getting funding.”

See **Exhibit A**, Harmony’s 2018 application to YC with her AI-powered co-founder matching invention, **Page 4, Lines 33-41** and **“IDEA” Lines 21-25**;

See **Exhibit C**, YC’s statement on YC’s co-founder matching platform launched after Harmony’s YC application, “*Even the smartest founders needed some non-obvious help and advice to navigate the tricky waters of co-founder matching.*”

3. At the time of Harmony’s application to YC, there was no AI-powered co-founder matching platform on the market that helped entrepreneurs (1) find their co-founder and (2) get funded. In December 2017, Harmony filed a provisional patent. She called her big idea, “Founderology.”

(See **Exhibit A**, Harmony’s 2018 application to YC with her AI-powered co-founder matching platform, **Page 2, Line 2**, and **Page 4, “IDEA,” Lines 11-17** and **Lines 33-34**;

See Exhibit D, provisional patent filing for Harmony’s co-founder matching invention;

See Exhibit E, Founderology domain and logo receipts;

See Exhibit B, YC’s statement on YC’s co-founder matching platform launched after Harmony’s YC application, “***Our goal with co-founder matching is to help you (1) find your co-founder and then (2) fund your company.***”

4. On or about **March 23, 2018**, Harmony was invited to an intimate social gathering in Silicon Valley, where YC, well known as the most influential and highly resourced startup accelerator worldwide, **told Harmony that YC does not have an AI-powered co-founder matching platform.**
5. YC encouraged and incited Harmony to apply to their program by stating that getting your first 150 customers at YC is common and telling Harmony that **she could “sell to the YC community.” YC promised compensation** in the form of investment funds if the AI-powered co-founder matching platform invention was selected and used.
6. As a result of YC’s incitement, promises, offer, and relying on their statements, **Harmony shared the data** about her AI-powered co-founder matching platform invention within YC’s application.

- 1 7. Harmony received a receipt from YC, confirming that her application was submitted for
2 review (**See Exhibit A**, Harmony’s application to YC with her AI-powered co-founder
3 matching invention; **See Exhibit Q**, March 2018 YC application video).
- 4
- 5 8. Harmony then received an email from YC stating that her application was “not selected”
6 and stating that they **carefully review** applications, showing that YC accepted and
7 carefully reviewed Harmony’s disclosures (**See Exhibit R**, showing YC’s careful review
8 of Harmony’s disclosures).
- 9 9. **YC then hired an internal developer to build the AI-powered co-founder matching**
10 **platform.**
- 11
- 12 10. On **August 31, 2024**, Harmony learned about YC’s egregious and harmful actions while
13 reading a LinkedIn post. Upon review, Harmony learned that in YC’s own words, “It’s
14 honestly surpassed our expectations. YC has already **invested in over 50 companies**
15 whose founders met on co-founder matching.”
- 16
- 17 11. This civil action for damages and equitable relief arises from YC’s egregious and harmful
18 acts to interfere with Harmony’s property rights including **fraud, misappropriation of**
19 **trade secrets, breach of implied contract, negligence, unfair competition, breach of**
20 **confidentiality and ethics, promissory estoppel, and unjust enrichment.**
- 21
- 22 12. The matter involves a clear "David and Goliath" scenario, where Harmony is an
23 individual inventor, and YC is the most powerful, influential, and highly resourced
24 startup accelerator worldwide. A **significant power imbalance** led to illegal actions and
25 unjust exploitation by YC.
- 26
- 27 13. Despite Harmony’s attempts to communicate with YC, the matter has been left
28 unresolved. On or about September 30, 2024, Harmony sent numerous letters to YC via
mail, with USPS tracking, and by email, sharing the above facts and providing an
opportunity to discuss and resolve the matter. **YC failed to respond.** On or about

1 February 24, 2025, Harmony emailed YC a request for the Terms of Service and Privacy
2 Policy in place at the time her YC application was submitted. **YC again failed to**
3 **respond**. This willful and repeated lack of response by YC showcases bad faith and an
4 intentional disregard for Harmony's rights. Such behavior not only undermines the
5 principles of good faith and fair dealing, showcasing "take it or leave it" positioning and
6 deceptive practices, it also exacerbates Harmony's damages and expenses. It has caused
7 unnecessary delay and has **compelled Harmony to initiate this legal action** in the
8 Superior Court of California, County of San Francisco. Accordingly, Harmony requests
9 that this Court take into consideration YC's bad faith conduct when adjudicating the
10 matter and determining appropriate relief. (See **Exhibit F**, letters emailed and mailed to
11 YC with USPS tracking; See **Exhibit G**, email to YC requesting terms of service in place
at the time of Harmony's YC application).

12 JURISDICTION AND VENUE

- 13
- 14 14. This Court has jurisdiction over this matter pursuant to California Code of Civil
15 Procedure §410.10, which allows California courts to exercise jurisdiction on any basis
16 not inconsistent with the Constitution of California or the United States. The California
17 Constitution Article VI, Section 10 grants superior courts original jurisdiction "in all
18 other causes," including the causes herein. Venue is proper in this Court under California
19 Code of Civil Procedure §393 because San Francisco, CA is the county where the
20 wrongdoing that is the subject of this lawsuit occurred, and under CCP §395.5, it is the
21 location where Defendants have a principal place of business at Pier 70, San Francisco,
22 CA 94107. (See **Exhibit H**, Subordination, Non-Disturbance, and Attornment
23 Agreement recorded in the City and County of San Francisco, under the authority of
24 Joaquin Torres, Assessor-Recorder, describing the leasehold interest of YC as tenant; See
25 **Exhibit I**, LinkedIn post made in 2024 by YC's General Partner, Jared Friedman,
26 discussing YC's San Francisco location; See **Exhibit J**, the 2024 Business Insider article
27 referenced by YC's General Partner, Jared Friedman, within his 2024 LinkedIn article,
28 announcing the San Francisco location).

PARTIES

15. Plaintiff, Harmony Oswald, **inventor** of the Artificial Intelligence (AI)-powered co-founder matching platform to help entrepreneurs (1) find their co-founder and (2) get funded, is an individual residing in San Jose, CA.
16. Defendants, YC, the **most powerful and influential startup accelerator worldwide**, are an **affiliated group** of Delaware Limited Liability Companies and Delaware Limited Partnerships with a principal place of business in San Francisco, CA.

On or about **March 23, 2018**, at an intimate gathering in Silicon Valley encouraging a small group of entrepreneurs to submit their ideas to YC (hereinafter “the event”), held at the office of startup venture capital fund, WeAct Ventures (“WeAct”), L.P., 153 2nd Street, Los Altos, CA 94022, and at all times relevant to the facts and claims alleged herein, Kat Manalac, Partner at YC (hereinafter “YC Partner”; See Y Combinator, "How to Find a Co-Founder," YouTube (May 23, 2019), <https://www.youtube.com/watch?v=CRLzkbtKPGM> (last visited November 13, 2025), acted as an authorized representative and agent of the following entities:

- Y COMBINATOR MANAGEMENT, LLC, a Delaware limited liability company (“Defendant 1”);
- YC AFFILIATES FUND II, L.P., a Delaware limited partnership (“Defendant 4”);
- YC AFFILIATES FUND II (QP), L.P., a Delaware limited partnership (“Defendant 6”);

Each of these YC entities was formed and registered with the California Secretary of State prior to the date of the event (See **Exhibit LL**, a true and correct copy of a screenshot take by Plaintiff on October 30, 2025 of CA Secretary of State records for Defendants D1, D4, and D6), and, by virtue of the YC Partner’s agency and authority, is liable on all claims asserted herein, including but not limited to fraudulent inducement, fraudulent misrepresentation, negligent misrepresentation, fraudulent concealment, promissory fraud, constructive fraud, misappropriation of trade secrets,

breach of implied contract, breach of confidentiality/ethics, negligence, unfair competition, unjust enrichment, and promissory estoppel.

a. In addition, the following entities:

- Y COMBINATOR ES20, LLC, a Delaware limited liability company (“Defendant 2”);
- Y COMBINATOR ES24, LLC, a Delaware limited liability company (“Defendant 3”);
- YC AFFILIATES FUND IIA, L.P., a Delaware limited partnership (“Defendant 5”);

were formed more than one year after the date of the event (See **Exhibit MM**, a true and correct copy of a screenshot take by Plaintiff on October 30, 2025 of CA Secretary of State records for Defendants D2, D3, D5) and are liable only on cause of action **seven** for their acts to misappropriate Plaintiff’s trade secrets in affiliation with the other YC defendants.

b. During the event, on behalf of Defendants 1, 4, and 6, the YC Partner discussed in detail YC investment terms (See **Exhibit NN**, Tech Crunch article discussing YC standard deal terms in place in March 2018; See **Exhibit OO**, 2018 YC President, Sam Altman, stating 2018 deal terms are “very simple”).

c. Harmony sat in the front row, wearing a red jacket as shown in photos, listening closely, and asking questions to the YC Partner. After the panel, Harmony again spoke with the YC Partner during networking time. While sharing high level, non-confidential information only, and at all times purposefully keeping confidential and proprietary disclosures a secret as she reliably, persistently, and systematically does, did on the date of the event, and did for Founderology at all relevant times up to the point of her good faith motion to seal and the Court’s denial (See **Declarations of Wendy M. Ryan, John Majeski, Kelly Ann Winget, Michele Ellie Ahi, Virginia Townsend, and Kendall Macrostie** filed concurrently herewith, hereinafter “Dec. of W.Ryan,” “Dec. of J. Majeski,” “Dec. of K. Winget,” “Dec. of M. Ahi,” “Dec. of V. Townsend,” “Dec. of K. Macrostie”), Harmony expressly informed the YC Partner that she has a highly

valuable, confidential, proprietary invention to help entrepreneurs form strong, highly fundable teams and it is important to her to keep her invention confidential. The YC Partner expressly agreed that she understood that Harmony's Founderology invention is highly valuable, confidential, and proprietary and proceeded to ask Harmony to share her novel information, providing Harmony with specific instructions on how to submit her idea to YC. Harmony **took notes** about what the YC Partner said (See **Exhibit M** to the First Amended Complaint, hereinafter "FAC," Harmony's handwritten notes recorded the day of the event).

- d. The YC Partner's **representations and agreements** were made on behalf of and bind Defendants 1, 4, and 6 to all facts and obligations described herein. Plaintiff alleges that Defendants 1, 4, and 6, as well as each Doe defendant, directly or indirectly participated in, facilitated, enabled, funded, authorized, or knowingly profited from the acts alleged herein. Defendants 2, 3, and 5 are liable only on the claims for unfair competition and unjust enrichment, as their formation post-dates the event by more than one year, but they subsequently participated in, facilitated, or profited from the acts alleged herein.
- e. The precise roles, funding relationships, and financial benefits received by each entity are uniquely within Defendants' knowledge and control and will be ascertained through discovery. Plaintiff reserves the right to amend this complaint to allege specific conduct and involvement of each Defendant as further information becomes available through discovery.

17. At this time, the true names and capacities of defendants DOES 1-20 are unknown to plaintiff, who therefore sues such defendants by such fictitious names. *Doe Defendants could possibly include, for example, the internal developers hired to build the AI-powered co-founder matching platform.* Plaintiff will amend this complaint to allege the true names and capacities of such defendants as soon as they are ascertained. Plaintiff is informed and believes, and on the basis of such information and belief alleges, that each defendant named herein as a Doe is responsible for one or more of the obligations alleged herein.

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FACTS

18. Harmony came from humble beginnings, where girls like her don't typically become inventors. She grew up in a small, rural town in Western PA. As a teenager, she lived with her grandmother in an economically disadvantaged situation. She was born on Abraham Lincoln's birthday, and as a child, she wanted to become a lawyer, but there was no path for her. Harmony set out to create a better life for herself through dedication and hard work.
19. Harmony enlisted in the U.S. Army and served active duty overseas in the First Infantry Division, earning a "Superior Performance Certificate" for her leadership throughout basic combat training. The Army gave Harmony a broad world view and confidence to pursue her childhood dream of becoming an attorney.
20. In 2013, she and her husband, a PA plumber who also started with limited means, moved to Silicon Valley. While raising two teenage children, Harmony completed law school at Santa Clara University. During this time, she participated in the Entrepreneurs Law Clinic, won an award and was selected for a Google internship where she interviewed an inventor and drafted a defensive patent publication published by TD Commons. She focused her studies on intellectual property, technology, and startup law and earned a High-Tech Law certificate with honors.
21. Completing law school in Silicon Valley provided valuable insights about entrepreneurship and technology. On or about 2015, Harmony learned about the importance of building a strong team to attract investors. She also learned that entrepreneurs traditionally face big hurdles in finding co-founders, and the problem significantly impacts their ability to secure funding. Coming from a family of entrepreneurs herself, Harmony recognized the opportunity to leverage AI technology to innovatively solve the issue (See **Exhibit A**, Harmony's 2018 application to YC with her AI-powered co-founder matching platform, **Page 2, Line 2**, and **Page 4, "IDEA" Lines 11-17**).

- 1 22. Harmony conducted research and collected data by teaching startup seminars and
2 conducting surveys. As a result, she knew that finding a co-founder was in fact the **top**
3 **issue for many male and female entrepreneurs, and it was preventing them from**
4 **securing funding**. She discovered that there was no AI-powered co-founder matching
5 platform on the market that helped entrepreneurs (1) find their co-founder and (2) get
6 funded (See **Exhibit A**, Harmony’s 2018 application to YC with her AI-powered co-
7 founder matching platform, **Page 2, Line 2**, and **Page 4, “IDEA” Lines 13-18**).
- 8 23. On or about **October 11, 2017**, 10 months after taking the oath as a CA attorney,
9 Harmony met with Kate Bunina (hereinafter “Ms. Bunina”), Managing Director at
10 Usertech U.S., LLC (hereinafter “U+”), to discuss building a prototype of the co-founder
11 matching platform she had invented. **Viewing her invention as a valuable trade secret**
12 and prior to discussing the co-founder matching platform with Ms. Bunina, Harmony
13 required that Ms. Bunina sign a Non-Disclosure Agreement (See **Exhibit K**, Non-
14 Disclosure Agreement signed by Ms. Bunina; See **Exhibit L**, Founderology Prototype
15 Invoice).
- 16 24. On or about **December 9, 2017**, Harmony filed a **provisional patent** on her AI-powered
17 co-founder matching invention (See **Exhibit D**, provisional patent filing for co-founder
18 matching invention).
- 19 25. Harmony invested time and resources into formulating a commercial framework—
20 targeting the global market. Based on her research and data, she predicted the AI-
21 powered co-founder matching platform could be a **multi-billion dollar company**, and
22 she could further monetize it by taking **equity for each startup formed** using the
23 platform (See **Exhibit A**, Harmony’s 2018 application to YC with her AI-powered co-
24 founder matching platform, **Page 5, Lines 34-41 and Page 6 Lines 1-2**).
- 25 26. Harmony called her big idea “Founderology.” She secured domains from GoDaddy and
26 had a logo designed (See **Exhibit E**, domains and logo receipts).
- 27 27. In March 2018, Harmony was invited to an **intimate gathering** in Silicon Valley
28 encouraging a small group of entrepreneurs to submit their ideas in an application to YC

1 startup accelerator and investor, known as an elite and respected institution. YC's event
2 was held at the office of startup venture capital fund, WeAct Ventures ("WeAct"), L.P.,
3 153 2nd Street, Los Altos, CA 94022, underscoring YC's **focus on funding**.

- 4 28. The event fostered meaningful connections with an engaged group. The setting
5 encouraged open conversations and the opportunity to build strong relationships in a
6 personal atmosphere.
- 7 29. Harmony accepted the invitation and attended the gathering, where on or about **March**
8 **23, 2018**, she met **Kat Manalac, YC Partner** (hereinafter "YC Partner"; See **Exhibit N**,
9 photos from the March 2018 event).
- 10 30. Harmony sat in the front row, wearing a red jacket as shown in photos, listening closely,
11 and asking questions to the YC Partner. After the panel, Harmony again spoke with the
12 YC Partner during networking time.

13
14 **DISCLOSURES MADE IN CONFIDENCE:**

15 **YC's Confidentiality Agreement With Harmony**

- 16
17 31. While sharing "**high level**" non-confidential, non-proprietary information only, and at all
18 times purposefully keeping confidential and proprietary information a secret as she
19 persistently, carefully, and systematically did with every person she interacted with prior
20 to her good faith motion to seal filing which was denied by the Court, Harmony expressly
21 informed the YC Partner that she has a highly valuable, confidential and proprietary
22 invention to help entrepreneurs form strong, highly fundable teams and that it is
23 important to keep the information confidential while discussing it for the sole purpose of
24 evaluating a potential business investment (See **Dec. of W. Ryan, J. Majeski, K.**
25 **Winget, M. Ahi, V. Townsend, K. Macrostie**, See **Exhibit PP** attached hereto, a true
26 and correct copy of a 2017 Powerpoint Presentation where Plaintiff shared Founderology
27 at a "high level" with women entrepreneurs at a Women's Networking Alliance event).
- 28

- 1 32. The YC Partner expressly agreed and understood that Harmony’s Founderology
2 invention is highly valuable, confidential, and proprietary, and proceeded to ask Harmony
3 to share the novel information with YC, providing Harmony with specific instructions
4 for doing so. Harmony took notes about what the YC Partner said (See **Exhibit M**
5 attached to FAC).
- 6 33. The YC Partner told Harmony that while YC has an algorithm to match founders to
7 *investors*, YC has no AI-powered co-founder matching platform. The YC Partner
8 encouraged Harmony to apply to YC with her invention, Founderology, and incited her to
9 include “novel feedback from users” (See **Exhibit M** attached to FAC).
- 10 34. YC’s promise of compensation if Harmony’s invention was selected and used was at the
11 forefront of the conversation.
- 12 35. The YC Partner said that getting the first 150 customers at YC is common and that
13 Harmony could “sell to the YC community” (See **Exhibit M**, handwritten notes from the
14 March 2018 event with the exact quote from the YC Partner recorded; See **Exhibit A**,
15 Harmony’s 2018 application to YC with her AI-powered co-founder matching platform,
16 **Page 6, Line 6**; See **Exhibit N**, photos from the March 2018 event).
- 17 36. YC clearly sets itself out as a community based on trust and handshake deals, and as a
18 well-informed startup advisor herself, Harmony relied on YC’s ethics policies when
19 applying to YC with her AI-powered co-founder matching platform invention (See
20 **Exhibit O**, YC ethics policies; See **Exhibit P**, YC encourages founders to share their
21 ideas saying, “Don’t worry that someone will copy your idea”).
- 22 37. It is a **well-established custom** in the startup accelerator industry that when founders
23 submit **novel ideas** to accelerators for consideration, those ideas are not to be used or
24 disclosed without the founder’s compensation or consent (See **Dec. of W.Ryan,**
25 **J.Majeski, M.Ahi**). Harmony relied on this custom, as reinforced by YC’s public
26 statements and ethics policies, in submitting her idea to YC. As a leading accelerator, YC
27 is well aware of and promotes this custom, encouraging founders to share novel ideas by
28 assuring them of confidentiality and ethical treatment (See **Exhibit QQ** attached hereto, a

1 true and correct copy of a pdf downloaded by Plaintiff on or about August 7, 2025 from
2 YC's public website, showing YC's independent policy instructing founders not to ask
3 for an NDA; **See Exhibit M**, handwritten notes from March 2018 YC event where YC
4 directed Harmony to include novel feedback from users; **See Exhibit P**, YC publicly
5 encourages founders to share their ideas saying, "Don't worry that someone will copy
6 your idea;" **See Exhibit O**, YC ethics policies).

- 7 38. Harmony's **patent-pending process was highlighted six times** throughout her YC
8 application—including on page one of the written documentation and in the
9 accompanying video—clearly and repeatedly putting YC on notice of the proprietary
10 nature of her invention.
- 11 39. Harmony followed YC's instructions closely, and in light of YC's feedback that solo
12 founders aren't often selected by YC (a problem solved by her invention), Harmony
13 invited her colleague, Harvard finance student Ginny Townsend to join her on the
14 application and in creating a **one-minute video** for the application as required (**See**
15 **Exhibit Q**, March 2018 YC application video for Founderology, saved on Harmony's
16 Google Drive with restricted access, where Plaintiff shares a **high-level pitch**, purposely
17 excluding all confidential and proprietary information).
- 18 40. As the YC Partner directed, Harmony included novel feedback from users, **mentioning**
19 **her conversation with the YC Partner several times within the application** (**See**
20 **Exhibit A**, Harmony's application to YC with her AI-powered co-founder matching
21 invention, **Page 4, Line 25, and Page 6, Line 6, and Page 7, Line 27**).
- 22 41. Harmony received a receipt from YC, confirming that her application was submitted for
23 review (**See Exhibit A**, Harmony's application to YC with her AI-powered co-founder
24 matching invention; **See Exhibit Q**, March 2018 YC application video saved on
25 Harmony's Google Drive with restricted access, where Plaintiff shares a **high-level**
26 **pitch**, purposely excluding all confidential and proprietary information).
- 27 42. Harmony then received an email from YC stating that her application was "not selected"
28 and stating that they **carefully review** applications, showing that YC accepted and

carefully reviewed Harmony’s disclosures (See **Exhibit R**, showing YC’s careful review of Harmony’s disclosures).

43. At the time of YC’s “rejection,” Harmony was a mother of two teenagers who had just finished 7 years of college, leveraging student loans to become a new lawyer. In addition, according to Fortune Magazine, women-led companies received only 2.2% of venture capital funds for their startups that year, so female founders did not have the luxury of working on an idea that was less than stellar. Harmony **relied on and trusted the due diligence and rejection of YC**, the most prestigious and highly resourced startup accelerator in the world, when evaluating **whether to invest any more of her limited time and resources** into the AI-powered co-founder matching platform.

44. As a direct result of YC’s rejection, Harmony **changed direction** to what she believed to be a more promising venture, launching Legalucy in August 2018. Harmony has been dedicated to investing in that new venture ever since.

45. **On August 31, 2024**, Harmony learned and discovered that a few years after she applied and her invention was “not selected,” **YC hired an internal developer** to build the AI-powered co-founder matching platform she had invented (See **Exhibit S**, LinkedIn post where Harmony first learned about YC’s co-founder matching platform; See **Exhibit T**, YC’s co-founder matching platform landing page; See **Exhibit U**, YC explaining that their internal developer built it).

a. The Discovery Rule applies to toll the statute of limitations on all applicable causes of action alleged herein because:

i. YC rejected Harmony’s application and excluded her from their network.

As a result, Harmony could not reasonably have known that YC’s internal developer built her invention (See **Exhibit R**);

ii. As a female founder not included in YC’s network—and given YC’s well-documented challenges with including female founders—Harmony could not reasonably have known that YC’s internal developer built her invention (See **Exhibit M, S, F**).

1 iii. YC’s co-founder matching platform is not publicly accessible—it requires
2 a username, password, and up to one week for YC’s review and approval,
3 restricting access to approved users only. Only users who pass YC’s
4 review process can enter the platform, and access is not immediate or
5 guaranteed. Due to the non-public nature of YC’s co-founder matching
6 platform, Harmony could not reasonably have known that YC’s internal
7 developer built her invention (See **Exhibit AA**, screenshot of YC’s co-
8 founder matching platform where YC requires potential user to enter
9 username and password; See **Exhibit BB**, screenshot of YC’s co-founder
10 matching platform where after potential user shares data with YC, YC
11 requires potential user to “submit for review”; See **Exhibit CC**, YC then
12 notifies potential user via email that “it may take us up to a week to
13 approve your profile.”

14 46. **Immediately** upon learning about and discovering YC’s co-founder matching platform
15 on LinkedIn, Harmony began investigating to uncover harm and damages.

16 47. Upon review, Harmony learned that in YC’s own words, “It’s honestly surpassed our
17 expectations. YC has already **invested in over 50 companies** whose founders met on co-
18 founder matching” (See **Exhibit V**, YC’s statement about investing in 50 companies).

19 48. YC’s co-founder matching platform closely replicates and copies Harmony’s **Artificial**
20 **Intelligence (AI)-powered co-founder matching platform** invention to help
21 entrepreneurs (1) **find their co-founder** and (2) **get funded**. See **Exhibit A**, Harmony’s
22 2018 application to YC with her AI-powered co-founder matching platform, **Page 2**,
23 **Line 2**, and **Page 4**, “**IDEA**” **Lines 11-17**).

24 a. At the time of Harmony’s application to YC, there was **no AI-powered co-**
25 **founder matching platform on the market focused on helping entrepreneurs**
26 **to (1) find their co-founder and (2) get funded**. She called her big idea,
27 “**Founderology**.” (See **Exhibit A**, Harmony’s 2018 application to YC with her
28 AI-powered co-founder matching platform, **Page 2**, **Line 2**, and **Page 4**, “**IDEA**,”

1 **Lines 11-17 and Lines 33-34; See Exhibit D**, provisional patent filing for
2 Harmony’s co-founder matching invention; **See Exhibit E**, Founderology domain
3 and logo receipts);

4 b. Harmony’s invention was meticulously engineered through rigorous research and
5 empirical data addressing a substantial problem: **“The current system relies on**
6 **individual whims to start companies,”** and **“failure to form teams holds**
7 **founders back from getting funding.”** (See **Exhibit A**, Harmony’s 2018
8 application to YC with her AI-powered co-founder matching invention, **Page 4**,
9 **Lines 33-41 and “IDEA,” Lines 21-25**);

10 c. Within the “idea” section of her YC application, she stated, “Harmony ...
11 developed the idea for Founderology while sitting in an entrepreneur related
12 seminar as a student ... at Santa Clara Law. The panelists were teaching about
13 **setting up the company team to attract investors ...**” (See **Exhibit A**,
14 Harmony’s 2018 application to YC with her AI-powered co-founder matching
15 invention, **Page 4, “IDEA,” Lines 11-17**);

16 d. When asked about her solution, or “What is your company going to make?”
17 Harmony responded, “....Founderology is an app + platform that **transforms**
18 **outdated, inefficient co-founder ... searches with our patent pending process.**
19 Our I-2xD (Investor Due Diligence) Method ranks and suggests appropriate team
20 members....” (See **Exhibit D**, Harmony’s provisional patent filing; See **Exhibit**
21 **A**, Harmony’s 2018 application to YC with her AI-powered co-founder matching
22 platform, **Page 1**).

23 49. On YC’s co-founder matching platform, launched **after** Harmony applied to YC,
24 YC states, “Our goal with co-founder matching is to help you (1) **find your co-founder**
25 and then (2) **fund your company.**” (See **Exhibit B**, YC’s goal which replicates
26 Harmony’s invention; See **Exhibit W**, YC’s co-founder matching platform data
27 collection flow; See **Exhibit C**, YC’s statement that YC, an investor, is providing
28 entrepreneurs with non-obvious help and advice).

- 1 50. In September 2024, Harmony promptly consulted with a few lawyers in confidence
2 regarding the YC matter. Based on her **longstanding media background**, a lawyer
3 advised Harmony to draft a proposed article containing only factual information to share
4 with YC in a good faith effort to resolve the dispute outside of court. Harmony prepared
5 and shared this proposed article with YC solely for the purpose of facilitating settlement
6 discussions.
- 7 51. Despite Harmony’s attempts to communicate with YC, the matter has been left
8 unresolved. On or about September 30, 2024, Harmony sent numerous letters to YC via
9 mail and email, sharing the facts and providing an opportunity to discuss and resolve the
10 matter. **YC failed to respond**.
- 11 52. Prior to filing a good faith motion to seal and the Court’s denial of such, Harmony never
12 publicly disclosed her AI-powered co-founder matching invention or the proposed article
13 to any media outlet, including Entrepreneur Magazine, where she is an ongoing
14 contributor, and Forbes. On the contrary, Harmony has made every reasonable effort,
15 acting **diligently** to keep her invention a secret at all times—and an internet search will
16 reveal the same (See Dec. of W. Ryan, J. Majeski, K. Winget, M. Ahi, V. Townsend,
17 K. Macrostitie).
- 18 53. On or about February 24, 2025, Harmony emailed YC a request for the Terms of Service
19 and Privacy Policy in place at the time her YC application was submitted. **YC again**
20 **failed to respond**. This willful and repeated lack of response by YC showcases bad faith
21 and an intentional disregard for Harmony’s rights. Such behavior not only undermines
22 the principles of good faith and fair dealing, showcasing “take it or leave it” positioning
23 and deceptive practices, it also exacerbates Harmony’s damages and expenses. It has
24 caused unnecessary delay and has **compelled Harmony to initiate this legal action** in
25 the Superior Court of California, County of San Francisco. Accordingly, Harmony
26 requests that this Court take into consideration YC’s bad faith conduct when adjudicating
27 the matter and determining appropriate relief. (See **Exhibit F**, letters emailed and mailed
28 to YC with USPS tracking; See **Exhibit G**, email to YC requesting terms of service in
place at the time of Harmony’s YC application).

54. The damages incurred by Harmony are currently estimated and **further discovery is necessary** to ascertain the precise amounts. Estimates are based on, for example, YC's public self-proclaimed usage of the AI-powered co-founder matching platform and public data regarding the value of YC investments. The exact figures will be determined as more information becomes available through discovery.

FIRST CAUSE OF ACTION

(Fraudulent Inducement against Defendants 1, 4, and 6)

55. Plaintiff realleges the facts set forth in paragraphs 1 through 54 above and incorporates the same herein by this reference as though set forth in full.

56. In March 2018, Harmony was invited to an intimate gathering in Silicon Valley encouraging a small group of entrepreneurs to submit their ideas in an application to YC. Harmony accepted the invitation and attended the gathering, where on or about March 23, 2018, YC told Harmony that YC does not have an AI-powered co-founder matching platform and encouraged Harmony to apply to YC. YC directed Harmony to include novel feedback from users.

57. MISREPRESENTATION: YC incited Harmony to apply by stating that getting the first 150 customers at YC is common and telling Harmony that she could "**sell to the YC community**" (See **Exhibit M** to Complaint, handwritten notes from March 2018 event). **YC, however, had no intent to buy or select Harmony's idea at the time this comment was made.** YC's exact words of inducement were recorded in Harmony's handwritten notes the day of the event, inside quotation marks (See **Exhibit M** to Complaint).

58. In addition, YC promised compensation in the form of investment funds if her idea was used.

59. YC set itself out as a community who trusts one another and honors handshake deals, and YC encourages entrepreneurs not to worry that someone will steal their idea (See **Exhibit O**, YC ethics policies; See **Exhibit P**, YC publicly encourages founders to share their ideas saying, "Don't worry that someone will copy your idea.>").

- 1 60. As a result of YC’s incitement, promises, and relying on their statements, Harmony
2 shared her idea within YC’s application.
- 3 61. Harmony received a receipt from YC, confirming that her application was submitted for
4 review (**See Exhibit A**, Harmony’s application to YC).
- 5 62. Harmony then received an email from YC stating that her application was “not selected”
6 and stating that they **carefully review** applications, showing that YC accepted and
7 carefully reviewed Harmony’s disclosures (**See Exhibit R**, showing YC’s careful review
8 of Harmony’s disclosures).
- 9 63. YC then hired an internal developer to build Harmony’s idea (**See Exhibit U**, YC
10 explaining how their internal developer built it).
- 11 64. On August 31, 2024, Harmony learned about YC’s egregious and harmful actions (**See**
12 **Exhibit S**, LinkedIn post where Harmony learned about YC’s co-founder matching
13 platform).
- 14 65. The matter involves a clear "David and Goliath" dynamic, where Harmony is an
15 individual inventor and YC is the most powerful, influential, and highly resourced startup
16 accelerator worldwide. YC knew that due to this significant power imbalance, when
17 Harmony shared her idea, YC could “not select” Harmony’s YC application, deprive her
18 of the opportunity to **“sell to the YC community,”** build and launch her idea using their
19 internal developer, and refuse to honor the YC Partner’s handshake deal and fraudulent
20 inducements. YC knowingly exploited its overwhelming power and resources, confident
21 that a lone founder would face insurmountable obstacles in seeking redress for such
22 misconduct.
- 23 66. SCIENTER: Contradictions, such as YC inducing Harmony by saying that she can “sell
24 to the YC community” and then instead usurping the idea, building and launching it for
25 YC’s own benefit within the YC community, are recognized by courts as probative of
26 knowledge and intent to meet elements of fraud (See *Continental Airlines, Inc. v.*
27 *McDonnell Douglas Corp.* (1989) 216 Cal.App.3d 388, 426, highlighting that fraudulent
28 intent may be established by circumstantial evidence, including the subsequent conduct
of the defendant). The stark contradiction between YC’s fraudulent inducement and its
subsequent actions supports a strong inference that, at the time YC made its
representations to Harmony, it knew those representations were false or, at minimum, it

made them with reckless disregard for the truth. YC's conduct is especially egregious considering its position of power and leadership in the industry.

67. INTENT TO INDUCE RELIANCE: YC intended to induce Harmony to rely on their misrepresentations and to submit her ideas by stating that she can “sell to the YC community” and making promises of compensation if used (See **Exhibit M**, handwritten notes from the day of the March 2018 event, with exact quotations showing YC's inducement; See **Exhibit A**, Harmony's 2018 application to YC).

68. JUSTIFIABLE RELIANCE:

a. Harmony justifiably relied on YC's statements due to recommendations about YC by Darya Shaked, a reputable venture capitalist who founded WeAct Ventures to invest in the best venture capital firms led by top women in the investment industry. She previously served as COO at Vital Capital Fund, a \$350M private equity fund, and in 2018 was featured among the top 100 female venture capitalists in the book, “Women Who Venture,” by Renata George (See **Exhibit A** to Complaint, Page 7).

b. Also, Harmony justifiably relied on YC's statements because YC is widely regarded as the most prestigious startup accelerator in the world, and according to Fast Company, their companies are valued at over \$600 Billion in total. While other startups have a failure rate of 90%, YC startup's failure rate is 18%, and 5.5% of YC companies become unicorn companies worth \$1 Billion or more (See **Exhibit X**, Fast Company article statistics).

69. RESULTING HARM: YC caused Plaintiff harm when YC fraudulently induced her to submit her idea by stating that she could “sell to the YC community.” YC had no intent to select Harmony's idea or compensate her at the time this comment was made. Relying on YC's fraudulent inducement, Harmony submitted her idea to YC and when rejected, she relied on, to her detriment, YC's prestigious valuation regarding her idea after a careful review (See **Exhibit R**, showing YC's careful review).

70. As a direct and proximate result of Defendants' fraudulent inducement, Plaintiff suffered extensive and multifaceted harm, including but not limited to the following:

- 1 a. Plaintiff reasonably relied on Defendants’ representations and based on their
2 inducements, made the decision to submit her idea. Prior to Defendants’
3 solicitation, Plaintiff had already devoted substantial time, effort, and resources to
4 researching, conceptualizing, and developing her business idea. Defendants’
5 promises and inducements caused Plaintiff to forego alternative avenues for
6 presenting, commercializing, or monetizing her idea, and to promptly submit her
7 application to YC rather than pursue other opportunities. This reliance resulted in
8 Plaintiff’s exclusion from other potential partnerships, funding sources, and
9 commercialization strategies, and caused her to miss out on the unique benefits
10 and opportunities that Defendants represented would be available through
11 participation in the YC program. Plaintiff would not have submitted her
12 application to YC, or foregone other opportunities, but for Defendants’ fraudulent
13 conduct.
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17 b. Plaintiff suffered expectation damages in the form of lost business opportunities,
18 including the inability to present her product to Silicon Valley investors and
19 potential customers, and the loss of access to the competitive advantages
20 associated with participation in the YC program. Plaintiff’s reliance on
21 Defendants’ promises caused her to forego alternative avenues for funding,
22 partnership, and commercialization, resulting in lost profits, diminished market
23 share, and reduced valuation of her business. Plaintiff further seeks damages for
24 the value of alternative opportunities and partnerships that were reasonably
25 available and would have been pursued but for Defendants’ inducement.
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- 1 c. Plaintiff also suffered loss of competitive advantage, as Defendants' conduct
2 deprived her of the opportunity to leverage YC program resources and network,
3 which would have provided a significant edge in the market and accelerated the
4 growth and success of her business. The exclusion from the YC community and
5 its ecosystem resulted in a measurable loss of future profits and business growth
6 that Plaintiff would have reasonably expected to achieve.
- 7
8 d. Plaintiff further suffered reputational harm and emotional distress due to the
9 personal and sentimental value of Plaintiff's work on her idea and as a result of
10 Defendants' conduct, including the rejection of her application and the subsequent
11 exclusion from the YC community, which negatively impacted her standing in the
12 entrepreneurial and investment ecosystem. The loss of credibility and diminished
13 reputation in the industry has had ongoing adverse effects on Plaintiff's ability to
14 attract investors, collaborators, and customers.
- 15
16 e. Defendants' conduct was willful, malicious, and carried out with conscious
17 disregard for Plaintiff's rights, entitling Plaintiff to an award of punitive damages
18 in an amount sufficient to deter similar misconduct by YC in the future. Plaintiff
19 also seeks damages for emotional distress resulting from Defendants' egregious
20 conduct to the extent permitted by law.
- 21
22 f. Plaintiff seeks compensatory damages for all losses incurred as a result of
23 Defendants' fraudulent inducement, including but not limited to lost profits, lost
24 business opportunities, lost opportunity costs, reliance damages, loss of
25 competitive advantage, reputational harm, and emotional distress, in an amount to
26 be determined through discovery and at trial. Plaintiff further seeks punitive
27
28

1 damages, attorneys' fees, costs of suit, and any other relief the Court deems just
2 and proper.

3 SECOND CAUSE OF ACTION

4 (Fraudulent Misrepresentation against Defendants 1, 4, and 6)

- 5 71. Plaintiff realleges the facts set forth in paragraphs 1 through 70 above and incorporates
6 the same herein by this reference as though set forth in full.
- 7 72. On or about March 23, 2018, YC encouraged Harmony to apply to YC with her idea. YC
8 incited Harmony to apply by stating that getting the first 150 customers at YC is common
9 and telling Harmony that she could "sell to the YC community" (See **Exhibit M** to the
10 FAC).
- 11 73. YC promised compensation in the form of investment funds if her idea was selected and
12 used. (See **Exhibit M**, handwritten notes from March 2018 YC event; See **Exhibit A**,
13 Harmony's 2018 application to YC).
- 14 74. YC sets itself out as a community who trusts one another and honors handshake deals,
15 and YC encourages entrepreneurs not to worry that someone will steal their idea (See
16 **Exhibit O**, YC ethics policies; See **Exhibit P**, YC publicly encourages founders to share
17 their ideas saying, "Don't worry that someone will copy your idea.").
- 18 75. As a result of YC's incitement and promises, Harmony shared her idea within YC's
19 application.
- 20 76. Harmony received a receipt from YC, confirming that her application was submitted for
21 review (See **Exhibit A**, Harmony's application to YC with her idea).
- 22 77. MISREPRESENTATION: Harmony then received an email from YC **misrepresenting**
23 **the value of her idea**, stating that her application was "**not selected**," and stating that
24 **they carefully review applications**, showing that YC accepted and carefully reviewed
25 Harmony's idea (See **Exhibit R**, showing YC's careful review of her idea).
- 26 78. SCIENTER: YC knew the representation was false, made it recklessly without regard for
27 its truth, or made it with no reasonable grounds for believing it to be true, shown in the
28 fact that shortly thereafter, YC published a video on their public YouTube channel with
the YC Partner discussing the topic of find a co-founder, highlighting YC's interest in the

topic after talking with Harmony, and after Harmony disclosed her idea to YC, and then shortly after, YC built and launched Harmony's idea (See Y Combinator, "How to Find a Co-Founder," YouTube (May 23, 2019),

<https://www.youtube.com/watch?v=CRLzkbtKPGM> (last visited November 13, 2025); See **Exhibits DD, EE, FF** to Declaration of Harmony Oswald in Support of Opposition to Defendant's Demurrer, hereinafter "Ex. DD, EE, FF").

79. INTENT: YC intended that Plaintiff rely on the misrepresentation, so Plaintiff would refrain from pursuing her idea and YC could pursue the idea, shown in the fact that after making the misrepresentation to Harmony, YC published a video on their public YouTube channel with the YC Partner discussing the topic of find a co-founder, highlighting YC's interest in the topic after Harmony disclosed her idea, and then shortly after, YC built and launched Harmony's idea (See Y Combinator, "How to Find a Co-Founder," YouTube (May 23, 2019),

<https://www.youtube.com/watch?v=CRLzkbtKPGM> (last visited November 13, 2025); See **Exhibits DD, EE, FF**).

80. JUSTIFIABLE RELIANCE:

a. Harmony justifiably relied on YC's statements due to recommendations about YC by Darya Shaked, a reputable venture capitalist who founded WeAct Ventures to invest in the best venture capital firms led by top women in the investment industry. She previously served as COO at Vital Capital Fund, a \$350M private equity fund, and in 2018 was featured among the top 100 female venture capitalists in the book, "Women Who Venture," by Renata George (**See Exhibit A to Complaint, Page 7**).

b. Also, Harmony justifiably relied on YC's statements because YC is widely regarded as the most prestigious startup accelerator in the world, and according to Fast Company, their companies are valued at over \$600 Billion in total. While other startups have a failure rate of 90%, YC startup's failure rate is 18%, and 5.5% of YC companies become unicorn companies worth \$1 Billion or more (**See Exhibit X, Fast Company article statistics**).

1 c. At the time of YC’s “rejection,” Harmony was a mother of two teenagers who had
2 just finished 7 years of college, leveraging student loans to become a new lawyer.
3 In addition, according to Fortune Magazine, women-led companies received only
4 2.2% of venture capital funds for their startups that year, so female founders did
5 not have the luxury of working on an idea that was less than stellar. She relied on
6 and trusted the due diligence and **misrepresentation of YC regarding the value**
7 **of her idea**, because they are the most prestigious and highly resourced startup
8 accelerator in the world, when evaluating whether to invest any more of her
9 limited time and resources into the idea. As a direct result of YC’s
10 misrepresentation, Harmony changed direction to what she believed to be a more
11 promising venture, launching Legalucy in August 2018. Harmony has been
12 dedicated to investing in that new venture ever since.

13 81. On August 31, 2024, Harmony learned the truth about YC’s misrepresentations from a
14 LinkedIn post. YC had hired an internal developer to build her idea (**See Exhibit S,**
15 **LinkedIn post** where Harmony learned about YC’s co-founder matching platform; **See**
16 **Exhibit T**, YC’s co-founder matching platform landing page; **See Exhibit U**, YC
17 explaining how their internal developer built it; **See Dec. of W. Ryan**).

18 82. RESULTING HARM AND DAMAGES: As a direct and proximate result of Defendants’
19 fraudulent misrepresentations, Plaintiff suffered harm including but not limited to:

20 a. **Loss of Business Opportunity:** Plaintiff was induced to abandon a highly
21 valuable, profitable AI-powered co-founder matching platform based on
22 Defendants’ false misrepresentations about the value, resulting in the forfeiture of
23 the opportunity to operate, monetize, and grow the platform herself. This includes
24 the loss of anticipated revenues, equity interests, and strategic business
25 advantages that would have accrued had Plaintiff retained and commercialized the
26 platform.

27 //

28 //

1 **b. Unjust Enrichment to Defendants**

2 Defendants have realized significant benefits as a direct result of their fraudulent
3 misrepresentations:

4 **Investment Activity:** YC launched Harmony’s idea in July 2021 and, by
5 September 2024, had invested in over 50 companies whose founders met on the
6 platform. This equates to approximately 50 companies every three years formed via
7 the AI-powered co-founder matching platform (**See Exhibit V**, screenshot taken
8 September 30, 2024 of YC’s statement about investing in 50 companies).

9 **Unicorn Creation Rate:** According to industry data, 5.5% of YC companies
10 become unicorns valued at over \$1 Billion, and it takes approximately six years for a
11 company to reach unicorn status. (**See Exhibit X**, Fast Company article statistics;
12 **See Exhibit Y**, stating CB Insights statistics).

13 **Projected Unicorns and Equity Value:** Beginning in 2027, YC is projected to
14 see approximately 0.92 unicorns per year from companies formed via the platform. At
15 the current rate, YC will see 4.6 unicorns in five years, 9.2 unicorns in ten years, and
16 18.4 unicorns in twenty years, all as a direct result of companies formed using
17 Harmony’s idea.

18 **Equity Accumulation:** By 2047, YC’s startups formed through the platform
19 are projected to be valued at more than \$18.4 Billion. Given YC’s current standard
20 deal of at least 7% equity in each funded startup, YC is projected to realize
21 approximately \$1.288 Billion in equity value from these investments by 2047 (**See**
22 **Exhibit Z**, YC’s statement about YC’s standard deal).

23 **c. Additional Competitive and Strategic Advantages**

24 Defendants have also gained a competitive advantage, increased their ability to collect
25 valuable data and insights, elevated startup formation across the ecosystem, gained access to
26 high-quality teams and investments, and now enjoy increased brand value and expanded global
27 reach, all as a result of building and launching Harmony’s idea.
28

1 d. **Plaintiff’s Detriment**

2 Plaintiff has been deprived of the ability to participate in the platform’s growth, to
3 monetize the platform through equity stakes in startups, and to realize the multi-billion dollar
4 valuation and associated profits she projected (**See Exhibit A**, Harmony’s application to YC with
5 her AI-powered co-founder matching invention, **Page 6, Line 1**, and **Page 5, Line 40**).

6 e. **Compensatory and Punitive Damages**

7 Plaintiff seeks compensatory damages for the actual losses suffered as a result of
8 Defendants’ fraud, including but not limited to lost profits, lost equity, and lost business
9 opportunities, as well as punitive damages due to Defendants’ malice, oppression, and fraudulent
10 conduct. The precise amount of damages will be determined through discovery.

11 f. **Other Relief**

12 Plaintiff requests any other relief the Court deems just and proper.

13
14 **THIRD CAUSE OF ACTION**

15 (Negligent Misrepresentation against Defendants 1, 4, and 6)

16 83. Plaintiff realleges the facts set forth in paragraphs 1 through 82 above and incorporates
17 the same herein by this reference as though set forth in full.

18 84. On or about March 23, 2018, YC told Harmony that YC does not have an AI-powered
19 co-founder matching platform and encouraged Harmony to apply to YC. YC promised
20 compensation in the form of investment funds if her idea was selected and used (See
21 **Exhibit M** to FAC, handwritten notes from March 2018 event; See **Exhibit A** to FAC,
22 Harmony’s 2018 application to YC). YC incited Harmony to apply by stating that getting
23 the first 150 customers at YC is common and telling Harmony that she could “sell to the
24 YC community” (See **Exhibit M** to FAC).

25 85. MISREPRESENTATION OF MATERIAL FACT: YC sets itself out as a
26 community who trusts one another and honors handshake deals, and YC encourages
27 entrepreneurs not to worry that someone will steal their idea. **YC upholds independent**
28 **professional standards within the YC community of not asking for written NDAs**
(See Exhibit O, YC ethics policies; See Exhibit P, YC publicly encourages founders to

1 share their ideas saying, “Don’t worry that someone will copy your idea;” See **Exhibit**
2 **QQ** attached hereto).

3 86. NO REASONABLE GROUNDS FOR BELIEF: YC was careless and unreasonable when
4 upholding independent professional standards within the YC community that founders
5 like Harmony should not request a written NDA from investors such as YC because YC
6 then contradicted its former position by filing an opposition to motion to seal in this
7 litigation, repeatedly arguing the entrepreneur’s application materials submitted to YC
8 should be made public, should not be sealed, and at Page 3, Line 28, stating, “Exhibit A
9 is an automated email from Y Combinator to Plaintiff, confirming receipt of Plaintiff’s
10 “Y Combinator Summer 2018 application. The submission contains no confidentiality
11 designation, nor any reference to a confidentiality agreement or protections.”

12 87. 2nd MISREPRESENTATION OF MATERIAL FACT: YC emailed Harmony a
13 receipt, confirming that her application was submitted for review (See **Exhibit A** to FAC,
14 Harmony’s application to YC). Harmony then received another email from YC stating
15 that her application was “not selected” and stating that they **carefully review**
16 applications, showing that YC accepted and carefully reviewed Harmony’s idea (See
17 **Exhibit R**, showing YC’s careful review of Harmony’s idea).

18 88. AGAIN NO REASONABLE GROUNDS FOR BELIEF: YC was careless and
19 unreasonable when it stated that Harmony’s idea was “not selected” after a **careful**
20 **review** of her idea by YC, shown in the fact that shortly thereafter, YC published a video
21 on their public YouTube channel with the YC Partner discussing the topic of finding a
22 co-founder, highlighting YC’s interest in the topic after talking with Harmony, and after
23 Harmony disclosed her idea to YC, and then shortly after, YC built and launched
24 Harmony’s idea, showing that YC stating Harmony’s idea was “not selected” was a
25 misrepresentation of material fact (See Y Combinator, "How to Find a Co-Founder,"
26 YouTube (May 23, 2019), <https://www.youtube.com/watch?v=CRLzkbtKPGM> (last
27 visited November 13, 2025); See **Exhibits DD, EE, FF**).

28 89. INTENT TO INDUCE RELIANCE: YC intended for Harmony to rely on their negligent
misrepresentations such as (a) **independent professional standards** within the YC

community stating that founders like Harmony should not request a written NDA from investors such as YC, and (b) that Harmony's idea was "**not selected**" **after a careful review**, so that Harmony would be deterred from moving forward with her idea, YC could usurp Harmony's idea for their own benefit, and YC could inform the Court that there was no written NDA.

90. RELIANCE: Harmony relied on YC's negligent misrepresentations and as a direct result did not pursue alternative commercialization opportunities, partners, fund sources, and further development of her idea.

91. JUSTIFIABLE:

- a. Harmony justifiably relied on YC's statements due to recommendations about YC by Darya Shaked, a reputable venture capitalist who founded WeAct Ventures to invest in the best venture capital firms led by top women in the investment industry. She previously served as COO at Vital Capital Fund, a \$350M private equity fund, and in 2018 was featured among the top 100 female venture capitalists in the book, "Women Who Venture," by Renata George (See **Exhibit A** to FAC, Page 7).
- b. Also, Harmony justifiably relied on YC's statements because YC is widely regarded as the most prestigious startup accelerator in the world, and according to Fast Company, their companies are valued at over \$600 Billion in total. While other startups have a failure rate of 90%, YC startup's failure rate is 18%, and 5.5% of YC companies become unicorn companies worth \$1 Billion or more (See **Exhibit X**, Fast Company article statistics).
- c. At the time of YC's "rejection," Harmony was a mother of two teenagers who had just finished 7 years of college, leveraging student loans to become a new lawyer. In addition, according to Fortune Magazine, women-led companies received only 2.2% of venture capital funds for their startups that year, so female founders did not have the luxury of working on an idea that was less than stellar. She relied on and trusted the due diligence and negligent **misrepresentation of YC regarding**

the value of her idea, because they are the most prestigious and highly resourced startup accelerator in the world, when evaluating whether to invest any more of her limited time and resources into the idea. As a direct result of YC's misrepresentation, Harmony changed direction to what she believed to be a more promising venture, launching Legalucy in August 2018. Harmony has been dedicated to investing in that new venture ever since.

92. YC then hired an internal developer to build Harmony's idea (See **Exhibit U**, YC explaining how their internal developer built it).
93. On August 31, 2024, Harmony learned about YC's egregious and harmful actions (See **Exhibit S, LinkedIn post** where Harmony learned about YC's co-founder matching platform).
94. The matter involves a clear "**David and Goliath**" **dynamic**, where Harmony is an individual founder and YC is the most powerful, influential, and highly resourced startup accelerator worldwide. YC believed that due to this significant power imbalance, when Harmony shared her idea, YC could "not select" Harmony's YC application, build it, and refuse to honor the YC Partner's handshake deal and verbal confidentiality agreement. YC knowingly exploited its overwhelming power and resources, confident that a lone founder would face insurmountable obstacles in seeking redress for such misconduct.
95. **RESULTING DAMAGES**
 - a. As a direct and proximate result of Defendants' negligent misrepresentations, Plaintiff suffered substantial **reliance damages**, including but not limited to by foregoing alternative avenues for securing alternate funding, partners, commercialization, monetization, and further developing the business and platform. Plaintiff devoted **significant time, effort, and resources** in advance and prior to submitting her idea to YC, and refrained from pursuing other opportunities, partnerships, and funding sources that were available to her at the time in reliance on YC's negligent misrepresentations.
 - b. Plaintiff's reliance resulted in exclusion from strategic partnerships, funding, and commercialization opportunities, causing her to miss out on unique benefits and

opportunities that would have been available had she not relied on Defendants' misrepresentations. Plaintiff would not have foregone pursuit of Founderology, but for Defendants' negligent conduct.

- c. Plaintiff suffered **expectation damages** in the form of lost business opportunities, including the inability to present her idea to other investors and potential collaborators, and the loss of access to competitive advantages associated with alternative commercialization paths. Plaintiff's reliance on Defendants' statements caused her to forego alternative avenues for funding, partnership, and commercialization, resulting in lost profits, diminished market share, and reduced valuation of her business concept.
- d. Plaintiff further suffered **loss of competitive advantage**, as Defendants' conduct deprived her of the opportunity to leverage resources and networks which would have provided a significant edge in the market and accelerated the growth and success of her business. Because of YC's misrepresentations, Plaintiff suffered vast loss of future profits and business growth that Plaintiff would have reasonably expected to achieve.
- e. Plaintiff also suffered **reputational harm and emotional distress** due to the personal and professional value of her work on the idea and as a result of Defendants' conduct, including the rejection of her application and the subsequent exclusion from YC's community, which negatively impacted her standing in the entrepreneurial and investment ecosystem. The loss of credibility and diminished reputation in the industry due to YC's negligent misrepresentations and exclusion has had ongoing adverse effects on Plaintiff's ability to secure funding and collaborators and attract customers.
- f. Plaintiff seeks **compensatory damages** for all losses incurred as a result of Defendants' negligent misrepresentations, including but not limited to lost profits, lost business opportunities, lost opportunity costs, reliance damages, loss of competitive advantage, reputational harm, and emotional distress, in an amount to

1 be determined through discovery and at trial. Plaintiff further seeks any other
2 relief the Court deems just and proper.

- 3 g. These damages are based solely on Plaintiff's **detrimental reliance** on
4 Defendants' negligent misrepresentations regarding her idea.

5
6 **FOURTH CAUSE OF ACTION**

7 (Fraudulent Concealment against Defendants 1, 4, and 6)

- 8 96. Plaintiff realleges the facts set forth in paragraphs 1 through 95 above and incorporates
9 the same herein by this reference as though set forth in full.
- 10 97. On or about March 23, 2018, YC told Harmony that YC does not have an AI-powered
11 cofounder matching platform and encouraged Harmony to apply to YC. YC incited
12 Harmony by stating that getting the first 150 customers at YC is common and telling
13 Harmony that she could "sell to the YC community." YC promised compensation if her
14 idea was selected and used (See **Exhibit M**, handwritten notes from March 2018 event;
15 See **Exhibit A** to FAC, Harmony's 2018 application to YC).
- 16 98. SUPPRESSION OF MATERIAL FACT: YC concealed parallel negotiations, parallel
17 development, or YC's actual intent to carefully review her idea, "not select" it, and build
18 and launch it, shown in the fact that (a) after speaking with Harmony, YC published a
19 video on their public YouTube channel with the YC Partner who spoke to Harmony
20 discussing the topic of finding a co-founder and (b) then YC built and launched
21 Harmony's idea (See Y Combinator, "How to Find a Co-Founder," YouTube (May 23,
22 2019), <https://www.youtube.com/watch?v=CRLzkbTKPGM> (last visited November 13,
23 2025); See **Exhibits DD, EE, FF**).
- 24 99. DUTY TO DISCLOSE: The YC Partner told Harmony that YC does not have an AI-
25 powered co-founder matching platform and that she could "sell to the YC community"—
26 making it seem like there were no parallel negotiations, no parallel development, and
27 they were interested in fairly evaluating her idea (See **Exhibit M** to FAC). YC
28 encouraged her to apply with her idea, and thwarted any effort that Harmony made to
discover information that might cause her to believe she should not share her idea, such

1 as informing her of parallel negotiations, parallel development, or YC's actual intent to
2 carefully review her idea, "not select" it, and build and launch it. Because Harmony
3 engaged in this discussion with YC to uncover information prior to applying with her
4 idea, YC had a duty to disclose parallel negotiations, parallel development, or their actual
5 intent in reviewing her idea.

6 100. INTENT TO DECEIVE: If YC had revealed parallel negotiations, parallel development,
7 or their actual intent in carefully reviewing her idea (i.e. to gather data to build and
8 launch YC's own platform), Harmony would not have disclosed her idea. YC intended to
9 deceive Harmony, so that she would share her idea for their own benefit.

10 101. RELIANCE: Harmony relied on YC's concealment, applied to YC with her idea, and YC
11 informed her that her idea was "not selected" after a careful review. As a direct result of
12 YC's concealment, Harmony did not pursue alternative commercialization opportunities,
13 partners, funding sources, and further development of her idea.

14 102. JUSTIFIABLE:

15 a. Harmony justifiably relied on YC's statements due to recommendations about YC
16 by Darya Shaked, a reputable venture capitalist who founded WeAct Ventures to
17 invest in the best venture capital firms led by top women in the investment
18 industry. She previously served as COO at Vital Capital Fund, a \$350M private
19 equity fund, and in 2018 was featured among the top 100 female venture
20 capitalists in the book, "Women Who Venture," by Renata George (**See Exhibit**
21 **A to FAC, Page 7**).

22 b. Also, Harmony justifiably relied on YC's statements because YC is widely
23 regarded as the most prestigious startup accelerator in the world, and according to
24 Fast Company, their companies are valued at over \$600 Billion in total. While
25 other startups have a failure rate of 90%, YC startup's failure rate is 18%, and
26 5.5% of YC companies become unicorn companies worth \$1 Billion or more (**See**
27 **Exhibit X, Fast Company article statistics**).

- 1 c. At the time of YC’s “rejection,” Harmony was a mother of two teenagers who had
2 just finished 7 years of college, leveraging student loans to become a new lawyer.
3 In addition, according to Fortune Magazine, women-led companies received only
4 2.2% of venture capital funds for their startups that year, so female founders did
5 not have the luxury of working on an idea that was less than stellar. She
6 justifiably relied on YC’s concealment, and she trusted in their evaluation stating
7 that she was “not selected” after their careful review, because they are the most
8 prestigious and highly resourced startup accelerator in the world, and she decided
9 not to invest any more of her limited time and resources into the idea (See
10 **Exhibit R** to FAC, stating that YC carefully reviews applications). As a direct
11 result of YC’s concealment, Harmony changed direction to what she believed to
12 be a more promising venture, launching Legalucy in August 2018. Harmony has
13 been dedicated to investing in that new venture ever since.
- 14 d. Harmony also justifiably relied on YC’s concealment, because YC sets itself out
15 as a community who trusts one another and honors handshake deals, and YC
16 encourages entrepreneurs not to worry that someone will steal their idea (See
17 **Exhibit O**, YC ethics policies; See **Exhibit P**, YC publicly encourages founders
18 to share their ideas saying, “Don’t worry that someone will copy your idea.”).

19 103. On August 31, 2024, Harmony learned the truth from a LinkedIn post - YC hired an
20 internal developer to build her idea (See **Exhibit S**, **LinkedIn post** where Harmony
21 learned that YC built her idea; See **Exhibit T**, YC’s co-founder matching platform
22 landing page; See **Exhibit U**, YC explaining how their internal developer built it; See
23 **Dec. of W. Ryan**).

24 104. RESULTING DAMAGES: As a direct and proximate result of Defendants’ fraudulent
25 concealment of material facts, Plaintiff suffered substantial harm and damages that arise
26 from the deterrent effect of Defendants’ concealment, which caused Plaintiff to refrain
27 from further developing, commercializing, and pursuing her idea, platform, and business
28 opportunities.

1 105. Specifically, Defendants' concealment of their true intentions and subsequent actions led
2 Plaintiff to believe that her idea had been fairly considered and rejected, thereby
3 discouraging her from seeking alternative avenues for further development, investment,
4 and commercialization of her platform. In justifiable reliance on Defendants'
5 concealment, Plaintiff did not pursue other potential partners, investors, or
6 commercialization, resulting in the loss of unique business opportunities, diminished
7 market presence, and reduced ability to compete in the relevant industry.

8 106. Plaintiff's damages include, but are not limited to, the following:

- 9 a. Loss of opportunity to further develop and launch her platform independently or
10 with other partners, resulting in lost profits, lost business opportunities, and
11 diminished valuation of her business concept.
- 12 b. Exclusion from strategic partnerships, funding sources, and commercialization
13 channels that would have been available had Plaintiff not been deterred as a result
14 of Defendants' concealment.
- 15 c. Loss of competitive advantage and market position, as Plaintiff was deprived of
16 the opportunity to leverage her idea in a timely and effective manner.
- 17 d. Reputational harm and emotional distress resulting from the personal and
18 professional impact of being misled and excluded from the ecosystem, which has
19 had ongoing adverse effects on Plaintiff's ability to attract collaborators,
20 investors, and customers.
- 21 e. These damages are based solely on Plaintiff's **detrimental reliance** on
22 Defendants' concealment of material facts. The harm suffered is the direct result
23 of Plaintiff being deterred from pursuing further development of her platform
24 outside of the YC Community.
- 25 f. Plaintiff also seeks **compensatory damages** for all losses incurred as a result of
26 Defendants' fraudulent concealment, including but not limited to lost profits, lost
27 business opportunities, lost opportunity costs, reliance damages, loss of
28 competitive advantage, reputational harm, and emotional distress, in an amount to
be determined through discovery and at trial. Plaintiff further seeks punitive
damages and any other relief the Court deems just and proper, to the extent
permitted by law.

FIFTH CAUSE OF ACTION

(Promissory Fraud against Defendants 1, 4, and 6)

107. Plaintiff realleges the facts set forth in paragraphs 1 through 106 above and incorporates the same herein by this reference as though set forth in full.

108. PROMISE: In March 2018, Harmony was invited to an intimate gathering in Silicon Valley encouraging a small group of entrepreneurs to submit their ideas in an application to YC. Harmony accepted the invitation and attended the gathering, where on or about March 23, 2018, YC incited Harmony to apply with her idea and expressly promised Harmony that she could “sell to the YC community” (See **Exhibit M**, handwritten notes recorded by Harmony the day of the March 2018 event; See **Exhibit A**, Harmony’s 2018 application to YC). The promises by YC were **clear, specific, unambiguous**, and intended to induce Harmony to disclose her idea to YC.

109. NO INTENT TO PERFORM: Upon information and belief considering the lack of discovery in this case, YC had no intent to select Harmony’s idea at the time the promise was made. YC intended to carefully review her idea and then develop and launch it themselves, shown in the fact that after YC spoke with Harmony, YC published a video on their public YouTube channel with the YC Partner discussing the topic of finding a co-founder, highlighting YC’s interest in the topic, and then shortly after, YC built and launched the co-founder matching platform (See Y Combinator, “How to Find a Co-Founder,” YouTube (May 23, 2019), <https://www.youtube.com/watch?v=CRLzkbtKPGM> (last visited November 13, 2025); See **Exhibits DD, EE, FF**).

110. INTENT THAT PLAINTIFF RELY: YC intended that Plaintiff rely on their promise that she could “sell to the YC community” because they wanted her to apply to YC with her idea, so that they could use and benefit from her disclosures.

111. RELIANCE: As a direct result of YC’s incitement and their explicit and unambiguous promises to her that she could “sell to the YC community,” and relying on their statements, Harmony shared her idea within YC’s application.

112. JUSTIFIABLE: Harmony justifiably relied on YC’s promises due to recommendations about YC by Darya Shaked, a reputable venture capitalist who founded WeAct Ventures to invest in the best venture capital firms led by top women in the investment industry.

1 She previously served as COO at Vital Capital Fund, a \$350M private equity fund, and in
2 2018 was featured among the top 100 female venture capitalists in the book, “Women
3 Who Venture,” by Renata George (**See Exhibit A** to FAC, Page 7).

4 a. Also, Harmony justifiably relied on YC’s statements because YC is widely
5 regarded as the most prestigious startup accelerator in the world, and according to
6 Fast Company, their companies are valued at over \$600 Billion in total. While
7 other startups have a failure rate of 90%, YC startup’s failure rate is 18%, and
8 5.5% of YC companies become unicorn companies worth \$1 Billion or more (**See**
9 **Exhibit X**, Fast Company article statistics).

10 b. Plus, YC communicates founder assurances and sets itself out as a community
11 who trusts one another (**See Exhibit O**, YC ethics policies), so Harmony
12 reasonably relied on YC’s purported high standards of conduct and ethics and
13 justifiably relied on the promises YC made to her (**See Dec. of W. Ryan, J.**
14 **Majeski, M. Ahi**).

15 113. Harmony received a receipt from YC, confirming that her application was submitted for
16 review (**See Exhibit A** to FAC, Harmony’s application to YC).

17 114. Harmony then received an email from YC stating that her application was “not selected”
18 and stating that they **carefully review** applications, showing that YC accepted and
19 carefully reviewed Harmony’s disclosures (**See Exhibit R**, showing YC’s careful review
20 of Harmony’s disclosures).

21 115. The matter involves a clear **"David and Goliath" dynamic**, where Harmony is an
22 individual founder and YC is the most powerful, influential, and highly resourced startup
23 accelerator worldwide. YC had **no intent to uphold it’s promises and instead intended**
24 **to deceive Harmony**. YC believed that due to this significant power imbalance, when
25 Harmony shared her idea, YC could “not select” Harmony’s idea, build it, and refuse to
26 honor the YC Partner’s promises. YC knowingly exploited its overwhelming power and
27 resources, confident that a lone founder would face insurmountable obstacles in seeking
28 redress for such misconduct (**See Exhibit U** to FAC, YC explaining that their internal
developer built the co-founder matching platform).

1 116. On August 31, 2024, Harmony learned about YC’s egregious and harmful actions (See
2 **Exhibit S**, LinkedIn post where Harmony learned about YC’s co-founder matching
3 platform).

4 117. DAMAGES CAUSED BY RELIANCE ON PROMISE: As a direct and proximate result
5 of Defendants’ promissory fraud—specifically, the false promise that Plaintiff could “sell
6 to the YC community” and the representation that her idea would be fairly considered for
7 investment—Plaintiff suffered substantial damages arising solely from Plaintiff’s
8 reasonable and justifiable **reliance** on YC’s promises and the prestige associated with
9 their evaluation process.

10 118. Plaintiff relied on Defendants’ promises that she could “sell to the YC community” by
11 submitting her idea to YC, and then due to their prestigious reviewal and evaluation
12 process, foregoing alternative avenues for presenting, commercializing, and monetizing
13 her platform. Plaintiff devoted significant time, effort, and resources into her idea, prior
14 to submitting her YC application, and refrained from pursuing other opportunities,
15 partnerships, and funding sources that were available to her at the time as a direct result
16 of YC’s prestigious review. Plaintiff’s reliance resulted in exclusion from other potential
17 strategic partnerships, funding, and commercialization opportunities, and caused her to
18 miss out on unique benefits that would have been available had she not relied on
19 Defendants’ promises.

20 119. Plaintiff’s damages include, but are not limited to, the following:

- 21 a. Plaintiff lost the opportunity to further develop and launch her platform
22 independently or with other partners, resulting in lost profits, lost business
23 opportunities, and diminished valuation of her business concept. Plaintiff was
24 excluded from strategic partnerships, funding sources, and commercialization
25 channels that would have been available had she not been deterred by Defendants’
26 promises. Plaintiff suffered loss of competitive advantage and market position, as
27 she was deprived of the ability to leverage her idea in a timely and effective
28 manner. Plaintiff also experienced reputational harm and emotional distress
resulting from the personal and professional impact of being misled and excluded
from the ecosystem, which has had ongoing adverse effects on her ability to

1 attract collaborators, investors, and customers. These damages are based solely on
2 Plaintiff's detrimental reliance on Defendants' promises and the prestige of YC's
3 evaluation.

- 4 b. Plaintiff seeks compensatory damages for all losses incurred as a result of
5 Defendants' promissory fraud, including but not limited to lost profits, lost
6 business opportunities, lost opportunity costs, reliance damages, loss of
7 competitive advantage, reputational harm, and emotional distress, in an amount to
8 be determined through discovery and at trial. Plaintiff further seeks punitive
9 damages and any other relief the Court deems just and proper, to the extent
10 permitted by law.

11 SIXTH CAUSE OF ACTION

12 (Constructive Fraud against Defendants 1, 4, and 6)

13 120. Plaintiff realleges the facts set forth in paragraphs 1 through 119 above and incorporates
14 the same herein by this reference as though set forth in full.

15 121. Harmony came from humble beginnings. She grew up in a small, rural town in Western
16 PA. As a teenager, she lived with her grandmother in an economically disadvantaged
17 situation. She was born on Abraham Lincoln's birthday, and as a child, she wanted to
18 become a lawyer, but there was no path for her. Harmony set out to create a better life for
19 herself through dedication and hard work.

20 122. Harmony enlisted in the U.S. Army and served active duty overseas in the First Infantry
21 Division, earning a "Superior Performance Certificate" for her leadership throughout
22 basic combat training. The Army gave Harmony a broad world view and confidence to
23 pursue her childhood dream of becoming an attorney.

24 123. In 2013, she and her husband, a PA plumber who also started with limited means, moved
25 to Silicon Valley. While raising two teenage children, Harmony completed law school at
26 Santa Clara University. At the time when YC told Harmony that they did "not select" her
27 for their program, she was a mother of two teenagers who had just finished 7 years of
28 college, leveraging student loans to become a new lawyer.

1 124. According to Fortune Magazine, women-led companies received only 2.2% of venture
2 capital funds for their startups that year, so female founders were in a vulnerable position
3 in the startup industry (See Dec. of K. Macrostitie, Dec. of J. Majeski).

4 125. FIDUCIARY OR CONFIDENTIAL RELATIONSHIP: YC purposefully and
5 strategically establishes trust and reliance with founders from underrepresented groups in
6 a vulnerable position within the startup industry by developing special, trusting, fiduciary
7 relationships with them to secure an unjust advantage and in order to exploit the ideas of
8 entrepreneurs who are vulnerable in the venture capital ecosystem due to lack of
9 available funding (See **Exhibits GG, HH, and II** to the Declaration of Harmony Oswald
10 in Support of Opposition to Defendant's Demurrer).

11 126. YC established a special, trusting, fiduciary relationship with Harmony when they
12 engaged in a practice at their March 2018 event called "purplewashing"— a practice in
13 which YC publicly promoted support for women's empowerment, creating a special,
14 trusting, fiduciary relationship with female founders, who statistically secure only
15 approximately 2% of venture capital funding, to enhance YC's image and gather valuable
16 ideas from the female founders, while privately engaging in harmful conduct that
17 undermines those very values (hereinafter "purplewashing"; *Purplewashing: What Is It*
18 *and How to Avoid It?*, Republik (July 7, 2024), [https://republik.ca/en/blog/purplewashing-](https://republik.ca/en/blog/purplewashing-what-is-it-and-how-to-avoid-it/)
19 [what-is-it-and-how-to-avoid-it/](https://republik.ca/en/blog/purplewashing-what-is-it-and-how-to-avoid-it/) (last visited November 13, 2025; See also **Dec. of J.**
20 **Majeski**).

21 127. YC hosted a women-focused event at a Silicon Valley venture capital firm, where they
22 incited Harmony, a female founder in a vulnerable position in the startup ecosystem, to
23 share her ideas with YC with promise of compensation if selected and stating that she
24 could "sell to the YC community."

25 128. Harmony relied on the fiduciary, special, and trusting relationship established by YC, and
26 she applied to YC with her idea. YC informed her that her idea was "not selected," after a
27 careful review (See **Exhibit R** to FAC).

28 129. BREACHED DUTY: On August 31, 2024, Harmony learned the truth from a LinkedIn
post, which highlighted that rather than empowering female founders (who statistically
secure approximately 2% of venture capital in the startup ecosystem) as YC had set
themselves out to Harmony as doing, YC had actually built and launch her idea and it

1 was being used to harm women (**See Exhibit S, LinkedIn post** where Harmony learned
2 that YC built her idea and it was being used to harm women in business; **See Exhibit T,**
3 **YC’s co-founder matching platform landing page; See Exhibit U,** YC explaining how
4 their internal developer built it; **See Dec. of W. Ryan).**

5 130. Upon immediate further investigation, Harmony learned that as of 2024, YC largely
6 excludes women—who still receive only about 2% of venture capital funding— from
7 their venture capital ecosystem. For example, as reported by YC in 2024, YC selected
8 only 11% of women into their investment program, suggesting that YC’s women-focused
9 events amount to “purplewashing” practices (**See Exhibits GG, HH, and II** to the
10 Declaration of Harmony Oswald in Support of Opposition to Defendant’s Demurrer; **See**
11 **Dec. of J. Majeski, Dec. of K. Macrostie).**

12 131. RELIANCE: Harmony relied on the fiduciary, special, and trusting relationship
13 established by YC, due to recommendations about YC by Darya Shaked, a reputable
14 venture capitalist who founded WeAct Ventures to invest in the best venture capital firms
15 led by top women in the investment industry. She previously served as COO at Vital
16 Capital Fund, a \$350M private equity fund, and in 2018 was featured among the top 100
17 female venture capitalists in the book, “Women Who Venture,” by Renata George (**See**
18 **Exhibit A** to FAC, Page 7).

19 132. Also, Harmony relied on the fiduciary, special, and trusting relationship established by
20 YC because YC is widely regarded as the most prestigious startup accelerator in the
21 world, and according to Fast Company, their companies are valued at over \$600 Billion
22 in total. While other startups have a failure rate of 90%, YC startup’s failure rate is 18%,
23 and 5.5% of YC companies become unicorn companies worth \$1 Billion or more (**See**
24 **Exhibit X,** Fast Company article statistics).

25 133. At the time of YC’s “rejection,” Harmony was a mother of two teenagers who had just
26 finished 7 years of college, leveraging student loans to become a new lawyer. In addition,
27 according to Fortune Magazine, women-led companies received only 2.2% of venture
28 capital funds for their startups that year, so female founders did not have the luxury of
working on an idea that was less than stellar. She relied on the fiduciary, special, and
trusting relationship established by YC, trusting in their evaluation of her idea stating that
she was “not selected” after their careful review, because they are the most prestigious

1 and highly resourced startup accelerator in the world, and she decided not to invest any
2 more of her limited time and resources into the idea (See **Exhibit R** to FAC). As a direct
3 result, Harmony changed direction to what she believed to be a more promising venture,
4 launching Legalucy in August 2018. Harmony has been dedicated to investing in that
5 new venture ever since.

6 134. Harmony also justifiably relied because YC sets itself out as a community who trusts one
7 another and honors handshake deals, and YC encourages all entrepreneurs not to worry
8 that someone will steal their idea (See **Exhibit O**, YC ethics policies; See **Exhibit P**, YC
9 publicly encourages founders to share their ideas saying, “Don’t worry that someone will
10 copy your idea.”; See **Dec. of W. Ryan, J. Majeski, M. Ahi**).

11 135. INJURY DUE TO RELIANCE: As a direct result of her special, trusting, fiduciary
12 relationship with YC and the reliance on their careful review of her idea which they did
13 “not select,” Harmony did not pursue alternative commercialization opportunities,
14 partners, fund sources, and further development of her idea.

15 136. In addition, on or about September 30, 2024, Harmony sent letters to YC via mail and
16 email, sharing the above facts and providing an opportunity to discuss and resolve the
17 matter. YC failed to respond. On or about February 24, 2025, Harmony emailed YC a
18 request for the Terms of Service and Privacy Policy in place at the time her YC
19 application was submitted. YC again failed to respond. This willful and repeated lack of
20 response by YC showcases bad faith, intentional disregard for Plaintiff’s rights, and a
21 failure to act in a manner consistent with fair dealing. It has caused unnecessary delay
22 and has compelled Harmony to initiate this legal action in the Superior Court of
23 California, County of San Francisco to seek redress. Such behavior not only undermines
24 the principles of good faith and fair dealing, showcasing “take it or leave it” positioning
25 and deceptive practices, it also exacerbates harm, damages, and legal expenses.

26 137. ADVANTAGE TO YC CAUSED BY BREACH: The matter involves a clear "David and
27 Goliath" dynamic, where female founders like Harmony are an under-represented group
28 in a vulnerable position in the venture capital industry and YC is the most powerful,
influential, and highly resourced startup accelerator worldwide. YC gained an unfair
advantage by engaging in constructive fraud and purplewashing activities that publicly
promoted YC’s support for women’s empowerment to enhance YC’s brand image, when

the event actually resulted in harm to women (**Exhibits GG, HH, and II** to the Declaration of Harmony Oswald in Support of Opposition to Defendant’s Demurrer; See **Dec. of J. Majeski, Dec. of K. Macrostie**).

138. HARM AND DAMAGES: As a direct and proximate result of Defendants’ constructive fraud—specifically, the abuse of a special, trusting, fiduciary relationship cultivated through public assurances, targeted outreach to underrepresented founders, and repeated representations of support—Plaintiff has suffered substantial and ongoing harm.

139. Plaintiff’s injuries stem from her reasonable reliance on Defendants’ representations and the unique position of trust Defendants established. Defendants’ conduct caused Plaintiff to forgo alternative avenues for commercializing her business concept, pursuing strategic partnerships, and securing funding. Relying on Defendants’ evaluation and rejection, Plaintiff redirected her limited resources and professional focus, resulting in the suspension of further development of her idea and launch of a different venture.

140. The harm to Plaintiff is not limited to lost business opportunities. As a direct result of Defendants’ breach of duty and the emotional distress caused by their conduct, Plaintiff’s activities in her other legal tech startup have been negatively impacted in 2025. The litigation compelled by Defendants’ actions has consumed Plaintiff’s time, energy, and financial resources, further exacerbating her inability to pursue new partnerships, secure additional funding, and advance her entrepreneurial goals. Plaintiff has been forced to usurp additional opportunities for growth and collaboration, suffering both tangible and intangible losses.

141. As a direct result of Plaintiff’s **reliance** on the special, trusting, fiduciary relationship established by YC, damages include, but are not limited to:

- a. Loss of business opportunities and strategic partnerships that would have been available but for Defendants’ abuse of trust and breach of duty;
- b. Negative impact on the operations and development in Plaintiff’s other startup because Plaintiff was forced to file this lawsuit, resulting in lost profits, lost funding opportunities, diminished valuation, and missed market opportunities;

- 1 c. Emotional distress, including loss of faith in the startup and venture capital
2 industry, professional discouragement, and reputational harm, directly attributable
3 to Defendants' conduct;
- 4 d. Legal expenses and costs incurred in seeking redress for Defendants' repeated bad
5 faith and failure to engage in fair dealing;
- 6 e. Ongoing exclusion from YC's ecosystem and diminished ability to attract
7 collaborators, investors, and customers.

8 142. These damages are based solely on Plaintiff's **reliance** on Defendants' representations
9 and the breach of the special, trusting, and fiduciary relationship YC created with
10 Harmony. The harm suffered is the direct result of Defendants' **exploitation of trust**, not
11 from any alleged theft or use of confidential information.

12 143. Plaintiff seeks compensatory damages for all losses incurred as a result of Defendants'
13 constructive fraud, including but not limited to lost profits, lost business opportunities,
14 reliance damages, emotional distress, reputational harm, and increased legal expenses, in
15 an amount to be determined through discovery and at trial. Plaintiff further seeks
16 exemplary and punitive damages to deter similar conduct in the future by YC, and any
17 other relief the Court deems just and proper, to the extent permitted by law.

18 **SEVENTH CAUSE OF ACTION**

19 (Misappropriation of Trade Secrets against Defendants 1 - 6)

20 144. Plaintiff realleges the facts set forth in paragraphs 1 through 143 above and incorporates
21 the same herein by this reference as though set forth in full.

22 145. For the seventh cause of action, "YC" shall mean Defendants 1 – 6.

23 ...

24 **KEEPING THE SECRET**

25 146. Harmony, **a subject matter expert with a systematic approach and evidence**
26 **illustrating the same** took reasonable efforts to maintain the secrecy of her
27 Founderology trade secret at all relevant times. For example:
28

- 1 a. SUBJECT MATTER EXPERTISE: Harmony has taught many entrepreneurs how
2 to protect their confidential and proprietary information, so understands the topic
3 well (See **Dec. of W. Ryan, J. Majeski, K. Winget, M. Ahi, V. Townsend,**
4 **K. Macrostie**). For example:
- 5 i. Harmony understands how to discuss and pitch an entrepreneurial idea at a
6 “**high level**” —where she purposely and carefully prevents disclosing
7 confidential and proprietary information (hereinafter “high level”
8 information; See **Dec. of W. Ryan, J. Majeski, K. Winget, M. Ahi, G.**
9 **Townsend, K. Macrostie**).
- 10 ii. Harmony also understands how to enter into a Non-Disclosure Agreement
11 (“NDA”) and **how to establish a verbal confidentiality agreement**, for
12 example, with investors (See **Dec. of W. Ryan, J. Majeski, M. Ahi, G.**
13 **Townsend, K. Macrostie**).
- 14 iii. Harmony learned from IP (including trade secret) legal scholars at Santa
15 Clara Law’s Entrepreneurs Law Clinic and earned a High-Tech Law
16 Certificate with Honors. Harmony was selected for a coveted Google
17 Internship during her time at Santa Clara Law, where she worked with an
18 inventor and wrote a defensive patent publication published by TD
19 Commons.
- 20 iv. In 2018, Harmony taught entrepreneurial seminars at WeWork, 75 East
21 Santa Clara Street, San Jose, CA 95113, to help entrepreneurs navigate the
22 venture capital investment process, teaching them to vet and do business
23 with people they trust and **teaching them to establish a verbal**
24 **confidentiality agreement** prior to disclosing confidential information,
25 which is a customary practice where venture capitalists (hereinafter
26 “VCs”) do not to sign NDAs (See **Dec. of G. Townsend, W. Ryan, J.**
27 **Majeski, M. Ahi, K. Macrostie**).
- 28

- v. Harmony has also been a mentor at San Jose State University IDEAS Lab and has taught entrepreneurs on numerous occasions about IP protections, including trade secrets, NDAs, and verbal confidentiality agreements (See Harmony Oswald, Business Startups & Mentorship, LINKEDIN (Nov. 14, 2025, 10:00 AM), https://www.linkedin.com/posts/harmonyoswald_business-startups-mentorship-activity-6598674283000668160-ipoj?utm_source=share&utm_medium=member_desktop&rcm=ACoAAF-DUGKcB8mzMmuLNQ087SeC6ZMnqGDc3cKQ).
- vi. In 2019, Harmony was moderator at the International IP Law Association's global conference covering IP Valuation (See Harmony Oswald, It Was a Great Pleasure Representing Legalucy, LINKEDIN (Nov. 14, 2025, 10:00 AM), https://www.linkedin.com/posts/harmonyoswald_it-was-a-great-pleasure-representing-legalucy-activity-6582712771601924096--mEP?utm_source=share&utm_medium=member_desktop&rcm=ACoAA-AInFRoBTHNBsr5b5UgDPQ3c5SuGsLm1BQg).
- vii. Harmony's company, Legalucy, helps entrepreneurs to proactively protect **trade secrets**, and world renowned IP legal scholars educate entrepreneurs about protecting their IP, including trade secrets, on her legal tech platform, including but not limited to:
1. Mark Lemley, the *most-cited scholar in the world in IP law*, the Director of the Stanford Program in Law, Science and Technology, who teaches intellectual property, antitrust, the law of robotics and AI, is the author of 11 books and 222 articles, including the two-volume treatise IP and Antitrust, his works have been cited more than 350 times by courts, including 19 times by the United States Supreme Court, and more than 45,000 times in books and

academic articles, making him one of the ten most cited legal scholars of all time (See Mark Lemley, YOUTUBE (Nov. 14, 2025, 10:00

AM), https://www.youtube.com/watch?v=UOWb_R_pOAK).

2. Eric Goldman, who co-directs the Santa Clara Law High Tech Law Institute, supervises the Privacy Law Certificate, focuses on Internet, IP and advertising law, managing IP magazine has twice named him to a shortlist of North American “IP Thought Leaders,” and he has been named an “IP Vanguard” by the California State Bar’s IP Section (See Eric Goldman, YOUTUBE (Nov. 14, 2025, 10:00 AM), <https://www.youtube.com/watch?v=fqMv1ZCHMgs>.)
3. Harmony was featured on the **cover of the Silicon Valley Business Journal Book of Lists** in 2020-2021 for her work at Legalucy, empowering entrepreneurs to become better educated about topics such as protecting their IP including trade secrets (See Harmony Oswald, #ThinkOutsideTheFirm LegalTech & Small Business Owners, LINKEDIN (Nov. 14, 2025, 10:00 AM), https://www.linkedin.com/posts/harmonyoswald_thinkoutsidethefirm-legaltech-smallbusinessowners-activity-6750189812709494784-OfNf?utm_source=share&utm_medium=member_desktop&rcm=ACoAAFDUGKcB8mzMmuLNQ087SeC6ZMnqGDc3cKQ), and Legalucy was highlighted in 2024 by the Legaltech Fund as a top early-stage AI company because of their work to help entrepreneurs become better educated about protecting their IP including trade secrets (See Harmony Oswald, GenAI & The LegalTech Fund Founders, LINKEDIN (Nov. 14, 2025, 10:00 AM), https://www.linkedin.com/posts/harmonyoswald_genai-

thelegaltechfund-founders-activity-7207095223296954369-JiPF?utm_source=share&utm_medium=member_desktop&rcm=ACoAAFDUGKcB8mzMmuLNQ087SeC6ZMnqGDc3cKQ.

- b. SYSTEMATIC APPROACH: At all times prior to her good faith motion to seal and where the Court denied the same, Harmony took a careful, systematic approach to protecting her Founderology trade secrets.
- i. LIMITED, HIGH LEVEL DISCUSSIONS: When interacting with anyone outside of a confidentiality agreement, **Harmony purposely protects her trade secrets**, for example, **with Ginny Townsend**, all partners, and all advisors when discussing Founderology, including but not limited to Guiti Nabavi—the cofounder of Silicon Valley Women Who Code, Anne Cocquyt of The Guild, Anu Basu—the Director of the Silicon Valley Center for Entrepreneurship at San Jose State University, **and all others**, including her husband, by limiting information and discussing Founderology at a “**high level**” at all times, as further discussed below (See Dec. of V. Townsend, W. Ryan, J. Majeski, K. Winget, M. Ahi, K. Macrostie).
1. Clarifying Twofold Board of Advisor Purpose in Startups: Harmony is skilled at startup team building and understands that the importance of having a strong board of advisors in place is **twofold**.
- a. First, the act of simply having a smart board of advisors in place can be critical to a startup pitch and attracting investors at the “idea stage,” because they see that the founder is well supported, and has the ability to form a strong team (See Exhibit M to Amended Complaint; See Dec. of W. Ryan). As YC mentioned, they are much less willing to select “solopreneurs” and they only select

“solopreneurs” 10% of the time (See **Exhibit M to Amended Complaint**).

b. Second, after the founder forms an entity, such as a DE C-Corp, secures investment, has FAST agreements in place with the Board of Advisors, and they are *working on the business* substantively, the founder can then ask the advisor for substantive advice (See **Dec. of W. Ryan, K. Macrostie, G. Townsend, M. Ahi**).

c. Here, the purpose of Harmony telling YC that she has influential advisors was for part (a) above— to show YC **her ability to form a strong team**, to attract investment. Harmony had not yet formed a DE C-Corp for Founderology, had not yet secured investment, had not yet implemented FAST (Founder/Advisor standard template) agreements, which require an entity to be formed first, and she had not yet engaged in substantive discussions with any advisors about Founderology with the exception of Kate Bunina, who signed an NDA.

d. Founderology was at an “idea stage,” and 40% of the time, YC invests in “idea stage” companies, as stated on their website (See **Exhibit RR** attached hereto, a true and correct copy of a screenshot taken by Plaintiff of YC’s public website on or about November 12, 2025).

ii. An example of a limited, “high level” pitch, purposely excluding confidential information, is the application video submitted to Y Combinator recorded with the help of Ginny Townsend (See **Exhibit Q** to FAC) where there is **no confidential, proprietary, or trade secret information** disclosed, and Harmony took **careful precautions** to limit

and not disclose such information even to Ginny Townsend (See **Dec. of V. Townsend**; See Exhibit PP attached hereto, a high level pitch for Founderology in 2017).

iii. NDA WITH ADVISOR: In her normal course of business, Harmony always requires business advisors to enter into standard FAST (Founder / Advisor Standard Template) confidentiality agreements prior to disclosing confidential information (See **Dec. of G. Townsend, K. Macrostie, M. Ahi**). Harmony has implemented many FAST agreements through the years, and she is very familiar with the process. When Harmony made her Founderology disclosures to YC, there was no formal entity formed yet, FAST advisor agreements were not yet implemented because discussions with advisors were preliminary, non-substantive, and the purpose of sharing names of advisors with YC at this stage was for Harmony to showcase her ability to form a strong team, which is an important leadership skill to articulate to investors when they are evaluating a founder. No confidential information was discussed with any advisors or partners at this stage—except for Kate Bunina, who signed an NDA (See **Exhibit K** to FAC; See **Dec. of W. Ryan, M. Ahi, V. Townsend, K. Macrostie**).

iv. SECRECY MAINTAINED ON WEBSITE:

1. Founderology's website (founderologyapp.com; founderology.tech) purposely contained no confidential or proprietary information. Founderology domains pointed to a UX prototype, created for \$1,000 to test usability in a preliminary way. With the help of Kate Bunina, under an NDA, we took reasonable and careful precautions at every step to ensure confidential and proprietary information was not included in the prototype (and

therefore it was not on the website, which pointed to the prototype).

2. As stated in the YC Application (See **Exhibit A** to FAC, Page 3), we were in “private beta” and we had 20 users. The prototype was not public—users had to sign up and create an account to use it.

- v. ETHICAL TRADE SECRET BUSINESS PRACTICES: In addition to taking careful, persistent actions to keep her Founderology trade secret a secret at all times, and as it relates to establishing good faith and integrity regarding keeping her trade secrets, Harmony was featured as a subject matter expert on the topic of INTEGRITY, in the Amazon best-selling leadership book, “*Learn, Lead, Lift: How to Think, Act, and Inspire Your Way to Greatness*” by Wendy Ryan, a venture capital and Angel investor who has worked with entrepreneurs globally and who is a leadership expert. Wendy interviewed over 40 leaders for this book and selected her discussion with Harmony for the introduction to the **Integrity chapter**.

The book can be viewed on Amazon (See **Dec. of W. Ryan**).

- c. TRADE SECRETS PROTECTED: Evidence shows that at every relevant point prior to this litigation—where Harmony made a good faith motion to seal filing which was denied by the Court—Harmony took reasonable actions to protect the secrecy of her trade secrets (See Dec. of V. Townsend, W. Ryan, J. Majeski, M. Ahi, K. Macrostie, K. Winget) including with YC, as discussed below.

- i. For example, on October 19, 2024, just 7 weeks after learning about YC’s wrongful misappropriation, at an “invitation only” tech strategy and planning breakfast among global leaders at 1200 Alta Loma Rd, Sunset Marquis, West Hollywood, CA hosted by Tech FoundHer, an Irish company, when Founder, Mairin Murray, a “Top 100” person in Irish Tech, discussed the problems founders experience in finding co-founders and the negative impact this has on their ability to secure venture capital

1 funding, I remained silent. At a moment when a person might feel very
2 inclined to speak on the topic, I did not disclose Founderology trade
3 secrets and I did not discuss YC's wrongful misappropriation (See Dec. of
4 J. Majeski, K. Winget).

5 ...

6 147. On or about **October 11, 2017**, a year after taking the oath as a CA attorney, Harmony
7 met with Ms. Bunina at U+ to discuss building a prototype of the AI-powered co-founder
8 matching platform she had invented in law school. Always and continuously
9 recognizing her invention as a valuable trade secret, Harmony required Ms. Bunina to
10 sign a Non-Disclosure Agreement prior to discussing it with her (See **Exhibit K**, Non-
11 Disclosure Agreement signed by Kate Bunina; See **Exhibit L**, Prototype Invoice).

12 148. On or about **December 9, 2017**, Harmony filed a provisional patent on the AI-powered
13 co-founder matching platform invention. Harmony's invention was entitled, "ranking co-
14 founder suggestions based on data from investors" (See **Exhibit D**, provisional patent
15 filing for co-founder matching invention).

16 149. Harmony invested time and resources into formulating a commercial framework—
17 targeting the global market, and by keeping her invention a secret, Harmony carefully
18 secured a valuable economic advantage. Based on her research and data, she projected
19 that the AI-powered co-founder matching platform she invented could be a multi-billion
20 dollar company, and she could further monetize it by taking equity for each startup
21 formed using the platform (See **Exhibit A** to FAC, Harmony's application to YC with
22 her AI-powered co-founder matching invention, **Page 6, Line 1**, and **Page 5, Line 40**).

23 150. In **March 2018**, Harmony was invited to an intimate gathering in Silicon Valley
24 encouraging a small group of entrepreneurs to submit their ideas in an application to
25 YC startup accelerator and investor, known as an elite and respected institution.
26 Harmony accepted the invitation and attended the gathering where on or about **March**
27 **23, 2018**, she sat in the front row wearing a red jacket, listening closely, taking notes, and
28

engaging with the YC Partner (See **Exhibit N**, photos from the YC March 2018 event; See **Exhibit M**, handwritten notes from March 2018 event).

151. After the YC panel, Harmony again spoke with the YC Partner during intimate networking time.

DISCLOSURES MADE IN CONFIDENCE:

YC's Confidentiality Agreement With Harmony

152. While sharing “**high level**” non-confidential, non-proprietary information only, and at all times purposefully keeping confidential and proprietary information a secret as she persistently, carefully, and systematically did with every person she interacted with prior to her good faith motion to seal filing which was denied by the Court (See **Dec. of W. Ryan, J. Majeski, K. Winget, M. Ahi, G. Townsend, K. Macrostie**), Harmony expressly informed the YC Partner that she has a highly valuable, confidential and proprietary invention to help entrepreneurs form strong, highly fundable teams and that it is important to keep her Founderology invention confidential while discussing it for the sole purpose of evaluating a potential business investment.

153. The YC Partner expressly agreed and understood that Harmony's Founderology invention is highly valuable, confidential, and proprietary, and proceeded to ask Harmony to share the novel information with YC, providing Harmony with **specific instructions** for doing so (See **Exhibit M** to FAC).

154. Harmony **took notes** about what the YC Partner said (See **Exhibit M** to FAC).

...

155. The YC Partner told Harmony that while YC does have an algorithm to match founders to investors, **YC has no AI-powered co-founder matching platform**. The YC Partner **encouraged Harmony to apply** to YC with her AI-powered co-founder matching platform invention and incited her to include “**novel feedback from users**.” The YC Partner said that getting the first 150 customers at YC is common and that Harmony can “**sell to the YC community**.” **YC promised compensation in the form of investment**

1 **funds if the AI-powered co-founder matching platform invention was selected and**
2 **used.** (See **Exhibit M**, handwritten notes from March 2018 event; See **Exhibit A**,
3 Harmony's 2018 application to YC with her AI-powered co-founder matching platform,
4 **Page 6, Line 6; See Exhibit N**, photos from the YC gathering).

5 156. YC purposefully and strategically develops **special, trusting relationships** with
6 founders. It sets itself out as a community who **trusts one another and honors**
7 **handshake deals**, and **YC encourages entrepreneurs not to worry that someone will**
8 **steal their idea.** This approach helps YC collect valuable data and insights. (See **Exhibit**
9 **O**, YC ethics policies; See **Exhibit P**, YC publicly encourages founders to share their
10 ideas saying, "Don't worry that someone will copy your idea.")

11 157. Harmony followed YC's protocol and instructions, encouraging founders not to ask for a
12 written NDA. The lack of written NDA or written confidentiality designation within the
13 YC application was a result of following YC's instructions (See **Exhibit QQ** attached
14 hereto). Instead, Harmony and YC created a verbal confidentiality agreement (See **Dec.**
15 **of W. Ryan, J. Majeski, M. Ahi**).

16 158. The matter involves a clear "**David and Goliath**" dynamic, where Harmony is an
17 individual inventor and YC is the most powerful, influential, and highly resourced startup
18 accelerator worldwide. YC stated that they do not have AI-powered co-founder matching
19 and agreed that if Harmony applied to YC and her idea was selected and used, she would
20 secure YC investment and could "sell to the YC community." Harmony **trusted in YC's**
21 **statements**, since YC is widely regarded as the most prestigious startup accelerator in the
22 world, and according to Fast Company, their companies are valued at over \$600 Billion
23 in total. While other startups have a failure rate of 90%, YC startup's failure rate is 18%,
24 and 5.5% of YC companies become unicorn companies worth \$1 Billion or more (See
25 **Exhibit M**, handwritten notes from March 2018 event; See **Exhibit A**, Harmony's 2018
26 application to YC with her AI-powered co-founder matching platform, **Page 6, Line 6;**
27 **See Exhibit X**, Fast Company articles).

28 159. Harmony followed YC's instructions, and in light of YC's feedback that solo founders
aren't often selected, Harmony invited her colleague, Harvard finance student Ginny

1 Townsend to join her on the YC application and together they created a one-minute
2 video as part of the application, as required. The patent pending process was
3 highlighted six times in Harmony's YC's application, including on page one of the
4 written documentation and in the video. (See **Exhibit Q**, March 2018 YC application
5 video for Founderology saved on Harmony's Google Drive).

6 160. As the YC Partner directed, Harmony included novel feedback from users, mentioning
7 her conversation with the YC Partner several times within the application (See
8 **Exhibit A**, Harmony's application to YC with her AI-powered co-founder matching
9 invention, **Page 4, Line 25, and Page 6, Line 6, and Page 7, Line 27**).

10 161. Harmony received a receipt from YC, confirming that her application was submitted for
11 review (See **Exhibit A**, Harmony's application to YC with her AI-powered co-founder
12 matching invention; See **Exhibit Q**, March 2018 YC application video).

13 162. Harmony then received an email from YC stating that her application was "not selected"
14 and stating that they **carefully review** applications, showing that YC accepted and
15 carefully reviewed Harmony's disclosures (See **Exhibit R**, showing YC's careful review
16 of Harmony's disclosures).

17 163. **On August 31, 2024**, Harmony learned that a few years after she applied to YC, without
18 authorization, and without compensation as promised, YC hired an internal developer
19 to build the AI-powered co-founder matching platform she invented (See **Exhibit S**,
20 **LinkedIn post** where Harmony learned about YC's co-founder matching platform; See
21 **Exhibit T**, YC's co-founder matching platform landing page; See **Exhibit U**, YC
22 explaining that their internal developer built the co-founder matching platform).

23 164. YC's co-founder matching platform closely replicates and copies Harmony's Artificial
24 Intelligence (AI)-powered co-founder matching platform invention to help
25 entrepreneurs (1) find their co-founder and (2) get funded. See **Exhibit A**, Harmony's
26 2018 application to YC with her AI-powered co-founder matching platform, **Page 2,**
27 **Line 2, and Page 4, "IDEA" Lines 11-17**).

28 a. At the time of Harmony's application to YC, there was no AI-powered co-
founder matching platform on the market focused on helping entrepreneurs

1 to (1) find their co-founder and (2) get funded. She called her big idea,
2 “Founderology.” (See **Exhibit A**, Harmony’s 2018 application to YC with her
3 AI-powered co-founder matching platform, **Page 2, Line 2**, and **Page 4, “IDEA,”**
4 **Lines 11-17** and **Lines 33-34**; See **Exhibit D**, provisional patent filing for
5 Harmony’s co-founder matching invention; See **Exhibit E**, Founderology domain
6 and logo receipts);

- 7 b. Harmony’s invention was meticulously engineered through rigorous research and
8 empirical data addressing a substantial problem: “The current system relies on
9 individual whims to start companies,” and “failure to form teams holds
10 founders back from getting funding.” (See **Exhibit A**, Harmony’s 2018
11 application to YC with her AI-powered co-founder matching invention, **Page 4,**
12 **Lines 33-41** and **“IDEA,” Lines 21-25**);
- 13 c. Within the “idea” section of her YC application, she stated, “Harmony ...
14 developed the idea for Founderology while sitting in an entrepreneur related
15 seminar as a student ... at Santa Clara Law. The panelists were teaching about
16 setting up the company team to attract investors ...” (See **Exhibit A**,
17 Harmony’s 2018 application to YC with her AI-powered co-founder matching
18 invention, **Page 4, “IDEA,” Lines 11-17**);
- 19 d. When asked about her solution, or “What is your company going to make?”
20 Harmony responded, “....Founderology is an app + platform that transforms
21 outdated, inefficient co-founder ... searches with our patent pending process.
22 Our I-2xD (Investor Due Diligence) Method ranks and suggests appropriate team
23 members....” (See **Exhibit D**, Harmony’s provisional patent filing; See **Exhibit**
24 **A**, Harmony’s 2018 application to YC with her AI-powered co-founder matching
25 platform, **Page 1**).

26 165. On YC’s co-founder matching platform, launched after Harmony applied to YC,
27 YC states, “Our goal with co-founder matching is to help you (1) find your co-founder
28 and then (2) fund your company.” (See **Exhibit B**, YC’s goal which replicates

Harmony's invention; **See Exhibit W**, YC's co-founder matching platform data collection flow; **See Exhibit C**, YC's statement that YC, an investor, is providing entrepreneurs with non-obvious help and advice).

166. On or about **September 30, 2024**, Harmony sent letters to YC via mail and email, sharing the above facts and providing an opportunity to discuss and resolve the matter. **YC failed to respond**. On or about **February 24, 2025**, Harmony emailed YC a request for the Terms of Service and Privacy Policy in place at the time her YC application was submitted. **YC again failed to respond**. This willful and repeated lack of response by YC showcases bad faith, intentional disregard for Plaintiff's rights, and a failure to act in a manner consistent with fair dealing. It has caused unnecessary delay and has **compelled Harmony to initiate this legal action** in the Superior Court of California, County of San Francisco to seek redress. Such behavior not only undermines the principles of good faith and fair dealing, showcasing "take it or leave it" positioning and deceptive practices, it also exacerbates Harmony's damages and legal expenses. Accordingly, Harmony requests that this Court take into consideration YC's bad faith conduct when adjudicating the matter and determining appropriate relief (**See Exhibit F**, letter emailed and mailed to YC with USPS tracking; **See Exhibit G**, email to YC requesting terms).

167. **Particularization of Trade Secret**

a. Introduction and Background of the Invention

- i. While attending Santa Clara University School of Law, Harmony invented an AI-powered co-founder matching platform to address a critical need in the entrepreneurial ecosystem: helping entrepreneurs to (1) find their co-founder and (2) get funded. (See Exhibit A, Page 2, Line 2, and Page 4, "IDEA" Lines 11-17).
- ii. This invention, called "Founderology," was the product of Harmony's rigorous research and empirical analysis into the challenges faced by startup founders, and particularly their reliance on chance encounters and lack of systematic team formation that created barriers to successful company creation and funding (See Exhibit A, Harmony's 2018

1 application to YC with her AI-powered co-founder matching invention,
2 Page 4, Lines 33-41 and “IDEA” Lines 21-25; See Exhibit C, YC’s
3 statement on YC’s co-founder matching platform launched after
4 Harmony’s YC application, “Even the smartest founders needed some
5 non-obvious help and advice to navigate the tricky waters of co-founder
6 matching.”)

7 iii. At the time of submission to YC, Harmony’s invention and confidential
8 disclosures included the **method, process, and business logic** underlying
9 the AI-powered co-founder matching platform, as described in YC’s
10 application—not a finished product or code. Harmony’s application
11 outlines the invention’s purpose, methodology, and anticipated impact on
12 the startup landscape (See Exhibit A, Page 2, Line 2, and Page 4, “IDEA”
13 Lines 11-17). The platform was created, at the conceptual and
14 methodological level, to systematically solve the problem that “the current
15 system relies on individual whims to start companies,” and that “failure to
16 form teams holds founders back from getting funding” (see Exhibit A,
17 Page 4, Lines 33-41 and “IDEA” Lines 21-25).

18 iv. Harmony intended to further develop and implement the code for the
19 platform, building upon the proprietary method and process she had
20 disclosed. However, after submitting her confidential application to YC,
21 YC usurped the opportunity for Harmony to build it by misappropriating
22 the disclosed method, process, and business logic. The proprietary nature
23 of the platform was recognized from its inception, and steps were taken at
24 all times to protect its confidentiality and commercial viability, including
25 filing a provisional patent in December 2017 (See Exhibit D, provisional
26 patent filing for Harmony’s co-founder matching invention).

27 b. Description of the Trade Secret

28 i. Plaintiff’s trade secret consists of the non-public, proprietary method,
process, business logic, and system for an AI-powered co-founder
matching platform to help entrepreneurs (1) find their co-founder and
(2) get funded, as disclosed to YC under circumstances of confidentiality.

- 1 ii. Plaintiff realleges the facts set forth in paragraph 33 above and
2 incorporates the same herein by this reference as though set forth in full.
- 3 iii. The trade secret is not limited to a finished product or code, but rather
4 encompasses the specific method, process, and business logic articulated
5 in Harmony’s confidential application and supporting materials. At the
6 time of disclosure, Harmony had not yet developed the code, but had
7 developed and particularized the method and process for AI-powered co-
8 founder matching, which YC subsequently misappropriated, depriving
9 Harmony of the opportunity to further develop and implement her
10 invention.
- 11 iv. The trade secret includes, but is not limited to, the following specific
12 elements, each of which was described as part of the method, process, and
13 business logic in YC’s confidential application:

14 **Proprietary Method and Process:** The trade secret includes a unique
15 method for ranking and suggesting co-founder matches for startup
16 founders, as articulated in Harmony’s confidential disclosures. This
17 method integrates and analyzes multiple data sources—including
18 entrepreneur and investor data—to generate optimal co-founder pairings.
19 The process is designed to maximize the likelihood of successful team
20 formation and subsequent funding, and the novel invention was described
21 in detail at the idea stage, distinguishing it from generic matching systems
22 (See Exhibit A, Page 2, Line 2; Page 4, “IDEA” Lines 11-17).

23 **I-2xD (Investor Due Diligence):** A core component of the trade secret is
24 the “I-2xD (Investor Due Diligence) Method,” which was conceived and
25 described as a process for incorporating investor due diligence criteria
26 directly into the co-founder matching methodology. This process enables
27 the platform to recommend founder teams that are not only compatible but
28 also strategically positioned to attract investment, thereby addressing a key
 barrier to startup success (See Exhibit D; see also Exhibit A, Page 4,
 “IDEA” Lines 42-43 and Page 5, Line 1).

1 **Confidential Data Integration and Process Flow (System and**

2 **Method):** The trade secret further encompasses the confidential process
3 flow for collecting, analyzing, and matching founder data, as described in
4 Harmony’s confidential application. This includes the integration of
5 entrepreneur data and investor data at multiple stages of the matching
6 process, all of which were articulated as part of the method and system at
7 the idea stage. The process was engineered to ensure that
8 recommendations would be data-driven, empirically validated, and
9 tailored to the needs of both founders and investors (see Exhibits A, D, Q).

- 10 v. Plaintiff’s confidential disclosures of her invention to YC provided a
11 sufficiently **particularized method and process** for an AI-powered co-
12 founder matching platform to help entrepreneurs (1) find their co-founder
13 and (2) get funded, even though the code was not yet in place. Under
14 California law, a method or process described with sufficient particularity
15 at the idea stage can constitute a protectable trade secret, and Harmony’s
16 disclosures meet this standard.

17 **Innovative Business Model (Integral to the Method):** The trade secret
18 also includes the business model, which was conceived and disclosed as
19 part of the overall method and process at the idea stage. This business
20 model involves monetization by taking **equity in startups formed via the**
21 **platform**, leveraging the unique matching capabilities of the method to
22 create a scalable, high-value commercial enterprise (see Exhibit A, Page 6,
23 Lines 1-2, and Page 5, Line 40). The business model was not merely
24 ancillary, but an integral component of the method and process for AI-
25 powered co-founder matching as described in Harmony’s confidential
26 disclosures.

27 **Combination and Implementation as a Method and System:** The
28 specific combination and implementation of these features—AI-driven
 ranking, entrepreneur and investor data integration, the I-2xD method, and
 the equity-based business model—were conceived and described as a
 novel method, process, and system for co-founder matching at the idea

1 stage. These elements, as articulated in Harmony’s confidential YC
2 application, were novel and were not generally known or available to the
3 public at the time of disclosure. Each element, and their combination as a
4 method and process, derives independent economic value from its secrecy
5 and from the competitive advantage it confers upon Harmony.

6 iv. Harmony’s trade secret, as set forth in the confidential application to YC,
7 was sufficiently particularized and non-public. Plaintiff took reasonable
8 measures to maintain the secrecy of the method, process, and system and by
9 misappropriating such, YC deprived Harmony of the opportunity to develop
10 the platform and realize the commercial potential of her invention. Harmony
11 reserves the right to further particularize the trade secret upon receipt of
12 additional USPTO documentation and through discovery.

13 c. Confidential Disclosures and Non-Public Nature

14 i. Plaintiff took deliberate and consistent measures to ensure the
15 confidentiality of the proprietary information underlying the Founderology
16 platform. The confidential disclosures to YC included the method,
17 process, and business logic for the AI-powered co-founder matching
18 platform as conceived and described—not a finished product or code.
19 Prior to any substantive discussion of the invention, Harmony required
20 third parties, including Ms. Bunina, to execute a Non-Disclosure
21 Agreement, thereby obligating the recipient to maintain the secrecy of the
22 disclosed information. Harmony’s detailed application to YC was
23 submitted through a process that, due to YC’s own representations and
24 industry custom, was intended to be confidential and to foster trust
25 between Harmony and YC. The application—including the method,
26 process, business model, and system architecture—were not publicly
27 disseminated or made available outside of these confidential channels (See
28 Exhibits A, D, K, M, Q). At no point prior to or during these disclosures to
YC was the information at issue public or made public, and Harmony
consistently treated the invention as a valuable trade secret, taking
reasonable steps to preserve its secrecy and commercial value. By

1 submitting the method and process to YC, Harmony intended to further
2 develop the code and build a global platform, but was deprived of this
3 opportunity when YC usurped the disclosed method and process for its
4 own use and economic benefit (See Exhibit V, YC's statement about
5 investing in 50 companies formed via co-founder matching platform).

6 d. Uniqueness and Industry Context

7 i. At the time Harmony disclosed the Founderology platform to YC, there
8 was no AI-powered co-founder matching platform on the market that
9 provided entrepreneurs with both (1) a means to find their co-founder and
10 (2) a path to secure funding through a data-driven, investor-informed
11 method and process. The trade secret consisted of the novel and non-
12 public method, process, and system for co-founder matching as conceived
13 and described, not merely a finished product or code. Plaintiff's invention
14 addressed a substantial and previously unmet need in the startup
15 ecosystem, as evidenced by the absence of comparable solutions and the
16 recognition of this gap in both Harmony's application and YC's
17 subsequent statements (See Exhibit A, Page 2, Line 2; Page 4, "IDEA"
18 Lines 11-17 and Lines 33-34; see also Exhibit C and V). The platform's
19 integration of AI-driven ranking, investor due diligence criteria, and a
20 proprietary equity-based business model represented a novel and non-
21 obvious approach to team formation and startup funding. This uniqueness
22 is further underscored by the fact that, at the time of Harmony's
23 application and provisional patent filing in December 2017, no other entity
24 had developed or launched a platform with these combined features (see
25 Exhibits A and D).

26 e. Reservation of Rights and Future Particularization

27 i. Harmony expressly reserves the right to further specify, supplement, and
28 amend the description of the trade secret as additional information,
including but not limited to USPTO documentation, becomes available.
This reservation specifically includes the right to further particularize the
method, process, business logic, and system underlying the Founderology

platform, as described in YC's confidential application, as discovery progresses and as further documentary evidence is obtained. This reservation is made to ensure that the pleading remains accurate, comprehensive, and fully responsive to the requirements of California law.

f. Summary and Incorporation of Exhibits

- i. In summary, Harmony's trade secret claim is grounded in the non-public, proprietary method, process, business logic, and system underlying the Founderology AI-powered co-founder matching platform, as conceived, described, and meticulously documented in Harmony's confidential application to YC, her provisional patent filing, and related business records. The exhibits incorporated herein collectively establish the confidential, novel, and valuable nature of the method, process, business logic, and system disclosed. These materials provide clear and specific support for the claim that Harmony's invention was not generally known, was subject to reasonable efforts to maintain secrecy, and derives independent economic value from its confidential status as a method and process, not merely as a finished product or code.

168. When YC **misappropriated Harmony's trade secrets**, harm and **damages resulted** as follows:

169. According to YC, YC launched the co-founder matching platform in July 2021 and by September 2024, YC had invested in over 50 companies whose founders met on the co-founder matching platform. This means YC is currently investing in approximately **50 companies every 3 years** formed via the AI-powered co-founder matching platform. (See **Exhibit V**, screenshot taken September 30, 2024 of YC's statement about investing in 50 companies).

- a. According to Fast Company, 5.5% of YC companies become unicorn companies valued at over \$1 Billion (See **Exhibit X**, Fast Company article statistics).
- b. According to CB Insights data, it takes approximately 6 years to become a unicorn company (See **Exhibit Y**, stating CB Insights statistics).

- 1 c. Thus, as a direct result of companies being formed starting in 2021 with the AI-
2 powered co-founder matching platform, beginning in 2027, YC is projected to see
3 .92 unicorns per year. At the current rate, YC will see 4.6 unicorns in 5 years, 9.2
4 unicorns in 10 years, and **18.4 unicorns in 20 years as a direct result of**
5 **companies being formed using the AI-powered co-founder matching**
6 **platform.**
- 7 d. By 2047, YC's startups that were formed with the AI-powered co-founder
8 matching platform are projected to be valued at more than **\$18.4 Billion dollars.**
9 Since according to YC, YC's standard deal provides that YC will receive at least
10 7% equity in each startup that YC funds, **YC is projected to make**
11 **approximately \$1.288 Billion on investments as a direct result of companies**
12 **formed using the AI-powered co-founder matching platform by 2047** (See
13 **Exhibit Z**, YC's statement about YC's standard deal).

14 170. In addition, due to the AI-powered co-founder matching platform, YC has gained a
15 competitive advantage, **increased their ability to collect valuable data** and insights,
16 elevated startup formation across the ecosystem, gained access to high quality teams and
17 investments, and now enjoys increased brand value and expanded global reach.

18 171. Accordingly, where Harmony accurately projected that the AI-powered co-founder
19 matching platform could be a **multi-billion dollar company** to include monetization
20 opportunities by taking **equity for each startup formed** using the platform, Harmony is
21 entitled to recover from YC compensatory damages for **actual loss and unjust**
22 **enrichment**, and if the actual loss and unjust enrichment amounts are not provable then
23 under California Civil Code § 3426.3, a **reasonable royalty**, plus **exemplary damages**
24 due to the willful and malicious nature of the misappropriation, in an amount not
25 exceeding twice the award made for actual loss or unjust enrichment. Plaintiff also
26 requests an award of reasonable attorney fees and costs incurred in pursuing this action,
27 as permitted under applicable law, and any other relief the Court deems just and proper,
28 with precise amounts to be determined through discovery (See **Exhibit A**, Harmony's

1 application to YC with her AI-powered co-founder matching invention, **Page 6, Line 1,**
2 and **Page 5, Line 40).**

3 EIGHTH CAUSE OF ACTION

4 (Breach of Implied Contract – Idea Submission, against Defendants 1, 4, 6)

5 172. Plaintiff realleges the facts set forth in paragraphs 1 through 171 above and incorporates
6 the same herein by this reference as though set forth in full.

7 173. California Civil Code § 3426.7 creates an explicit exception to CUTSA preemption
8 stating that it does not affect contractual remedies whether or not based upon
9 misappropriation of a trade secret.

10 174. YC’S ACTIVE SOLICITATION / OFFER: YC actively incited Harmony to submit her
11 novel, valuable ideas to YC. Through persistent and deliberate solicitation, YC induced
12 her to apply and disclose her confidential and proprietary concepts. **When a company**
13 **solicits ideas, the solicitation can imply a promise to pay if used** (*Gunther-Wahl v.*
14 *Mattel, 104 Cal. App. 4th 27 (2002)*).

15 175. On or about **March 23, 2018**, YC told Harmony that YC has no AI-powered co-
16 founder matching platform and encouraged Harmony to apply to YC with her AI-
17 powered co-founder matching platform invention. YC directed Harmony to include novel
18 feedback from users. YC incited Harmony to apply by stating that getting the first 150
19 customers at YC is common and telling Harmony that she could “sell to the YC
20 community.” YC promised, and Harmony required, compensation in the form of
21 investment funds if the AI-powered co-founder matching platform invention was
22 used (See **Exhibit M**, handwritten notes from March 2018 event; See **Exhibit A**,
23 Harmony’s 2018 application to YC with her AI-powered co-founder matching platform,
24 **Page 6, Line 6**; See **Exhibit N**, photos from the March 2018 event).

25 176. TERMS: The essential terms of the implied-in-fact contract and Harmony’s idea
26 submission were, as YC President Sam Altman stated, meant to be “very simple” (See
27 **Exhibit OO** attached hereto). The YC Partner discussed the terms in detail on March 23,
28 2018, and there was a meeting of the minds between Harmony and YC as follows:

- a. As stated by the YC Partner, the amount of compensation due from YC to
Harmony if Harmony’s invention was used by YC was \$120,000 for 7% equity;

- i. YC would provide its standard investment package to Harmony with investment to occur upon selection, commercialization opportunities, YC's advice and support network, and enjoyment of the benefits of YC's program;
- ii. The scope of Harmony's application disclosures and permitted use was limited to YC's evaluation about whether or not to select and invest in Harmony's idea;
- iii. The parties agreed that Harmony would submit the application in confidence, to include Harmony's novel and proprietary information;
- iv. Standard industry intake and selection processes would apply and as YC President Sam Altman stated at the time, the terms were meant to be "**very simple**" (See **Exhibit OO** attached hereto).

177. **MUTUAL ASSENT**: There was a meeting of the minds between Harmony and YC and the parties mutually assented to an implied-in-fact contract and Harmony's idea submission through YC's specific statements and conduct—including YC's express representations to Harmony at the March 2018 event (See **Exhibit M** to FAC). YC stated that it did not have an AI-powered co-founder matching platform, and it expressly solicited Harmony to apply to YC and submit her novel Founderology ideas. YC promised and Harmony required compensation if her invention was used, which was clearly illustrated by the setting where YC and Harmony's mutual assent, meeting of the minds, and agreement took place—at a venture capital firm where the purpose and focus at the forefront of conversation was on funding if Harmony's ideas were used—and the parties' mutually assented to the precise terms as expressly articulated by the YC Partner (See **Exhibits NN and OO** attached hereto). YC stated that Harmony can sell her AI-powered co-founder matching platform idea to the YC community if used (See Exhibits **A and M** to FAC). Mutual assent was established and the parties agreed to industry customs, YC's ethics policies and assurances made to founders, and the verbal confidentiality agreement created between YC and Harmony (See **Dec. of W. Ryan, J. Majeski, M. Ahi, G. Townsend, K. Macrostie**).

178. **CONFIDENTIALITY**: As stated herein at Pages 11-12, Lines 31-32, Harmony and YC created a verbal confidentiality agreement, a common industry practice (See **Dec. of W.**

1 **Ryan; J. Majeski, M. Ahi, V. Townsend**). California recognizes that promises of
2 confidentiality in business dealings can create enforceable contractual obligations even
3 without written agreements when (1) Plaintiff prepared and disclosed the idea, (2)
4 Plaintiff clearly conditioned submission on obligation to pay if accepted, (3) Defendant
5 voluntarily accepted knowing these conditions (See **Exhibit R** to FAC) and (4) defendant
6 actually used the idea (*Spinner v. American Broadcasting*, 215 Cal. App. 4th 172 (2013)).

7 179. CONSIDERATION: Harmony’s disclosure of her novel ideas—valuable information not
8 otherwise available to YC—constituted valid consideration for YC’s implied promise to
9 maintain confidentiality and not use or disclose the information without consent or
10 compensation created through industry custom and the verbal confidentiality agreement
11 created between Harmony and YC (See **Dec. of W. Ryan, J. Majeski, M. Ahi**). YC
12 received the benefit of access to Harmony’s confidential invention and data, which it
would not have obtained but for YC’s assurances and the parties’ mutual understanding.

13 180. ACCEPTANCE: In response to YC’s solicitation to submit her novel Founderology
14 ideas, offer, promises, express terms, and where there was mutual assent, a meeting of the
15 minds, and consideration, Harmony accepted and shared her AI-powered co-founder
16 matching platform idea within YC’s confidential application.

17 181. Harmony received a receipt from YC, confirming that her application was submitted for
18 review (See **Exhibit A**, Harmony’s application to YC).

19 182. Harmony then received an email from YC stating that her application was “not selected”
20 and stating that they **carefully review** applications, showing that YC accepted and
21 carefully reviewed Harmony’s disclosures (See **Exhibit R** to FAC, showing YC’s careful
review of Harmony’s disclosures).

22 183. **On August 31, 2024**, Harmony learned that a few years after she applied to YC with her
23 idea, YC breached the agreement by hiring an internal developer to build her idea, and
24 providing no compensation to Harmony as promised (See **Exhibit S, LinkedIn post**
25 where Harmony learned about YC’s co-founder matching platform; See **Exhibit T**, YC’s
26 co-founder matching platform landing page; See **Exhibit U**, YC explaining that their
27 internal developer built the co-founder matching platform).

28 184. YC’s co-founder matching platform closely replicates and copies Harmony’s Artificial
Intelligence (AI)-powered co-founder matching platform invention to help

entrepreneurs (1) find their co-founder and (2) get funded. See **Exhibit A**, Harmony’s 2018 application to YC with her AI-powered co-founder matching platform, **Page 2, Line 2**, and **Page 4, “IDEA” Lines 11-17**).

- a. At the time of Harmony’s application to YC, there was no AI-powered co-founder matching platform on the market focused on helping entrepreneurs to (1) find their co-founder and (2) get funded. She called her big idea, “Founderology.” (See **Exhibit A**, Harmony’s 2018 application to YC with her AI-powered co-founder matching platform, **Page 2, Line 2**, and **Page 4, “IDEA,” Lines 11-17** and **Lines 33-34**; See **Exhibit D**, provisional patent filing for Harmony’s co-founder matching invention; See **Exhibit E**, Founderology domain and logo receipts);
- b. Harmony’s invention was meticulously engineered through rigorous research and empirical data addressing a substantial problem: “The current system relies on individual whims to start companies,” and “failure to form teams holds founders back from getting funding.” (See **Exhibit A**, Harmony’s 2018 application to YC with her AI-powered co-founder matching invention, **Page 4, Lines 33-41** and “**IDEA**,” **Lines 21-25**);
- c. Within the “idea” section of her YC application, she stated, “Harmony ... developed the idea for Founderology while sitting in an entrepreneur related seminar as a student ... at Santa Clara Law. The panelists were teaching about setting up the company team to attract investors ...” (See **Exhibit A**, Harmony’s 2018 application to YC with her AI-powered co-founder matching invention, **Page 4, “IDEA,” Lines 11-17**);
- d. When asked about her solution, or “What is your company going to make?” Harmony responded, “...Founderology is an app + platform that transforms outdated, inefficient co-founder ... searches with our patent pending process. Our I-2xD (Investor Due Diligence) Method ranks and suggests appropriate team members....” (See **Exhibit D**, Harmony’s provisional patent filing; See **Exhibit**

1 A, Harmony's 2018 application to YC with her AI-powered co-founder matching
2 platform, **Page 1**).

3 185. On YC's co-founder matching platform, launched **after** Harmony applied to YC,
4 YC states, "Our goal with co-founder matching is to help you (1) **find your co-founder**
5 and then (2) **fund your company**." (See **Exhibit B**, YC's goal which replicates
6 Harmony's invention; See **Exhibit W**, YC's co-founder matching platform data
7 collection flow; See **Exhibit C**, YC's statement that YC, an investor, is providing
8 entrepreneurs with non-obvious help and advice).

9 186. On or about **September 30, 2024**, Harmony sent letters to YC via mail and email, sharing
10 the above facts and providing an opportunity to discuss and resolve the matter. **YC failed**
11 **to respond**. On or about **February 24, 2025**, Harmony emailed YC a request for the
12 Terms of Service and Privacy Policy in place at the time her YC application was
13 submitted. **YC again failed to respond**. This willful and repeated lack of response by
14 YC showcases bad faith, intentional disregard for Plaintiff's rights, and a failure to act in
15 a manner consistent with fair dealing. It has caused unnecessary delay and has **compelled**
16 **Harmony to initiate this legal action** in the Superior Court of California, County of San
17 Francisco to seek redress. Such behavior not only undermines the principles of good faith
18 and fair dealing, showcasing "take it or leave it" positioning and deceptive practices, it
19 also exacerbates Harmony's damages and legal expenses. Accordingly, Harmony
20 requests that this Court take into consideration YC's bad faith conduct when adjudicating
21 the matter and determining appropriate relief (See **Exhibit F**, letter emailed and mailed to
22 YC with USPS tracking; See **Exhibit G**, email to YC requesting terms).

23 187. YC's actions constitute a **breach of implied contract / idea theft**, resulting in harm and
24 **damages** as follows:

25 188. According to YC, YC launched the co-founder matching platform in July 2021 and by
26 September 2024, YC had invested in over 50 companies whose founders met on the co-
27 founder matching platform. This means YC is currently investing in approximately **50**
28 **companies every 3 years** formed via the AI-powered co-founder matching platform.

(See Exhibit V, screenshot taken September 30, 2024 of YC's statement about investing in 50 companies).

- a. According to Fast Company, 5.5% of YC companies become unicorn companies valued at over \$1 Billion (See Exhibit X, Fast Company article statistics).
- b. According to CB Insights data, it takes approximately 6 years to become a unicorn company (See Exhibit Y, stating CB Insights statistics).
- c. Thus, as a direct result of companies being formed starting in 2021 with the AI-powered co-founder matching platform, beginning in 2027, YC is projected to see .92 unicorns per year. At the current rate, YC will see 4.6 unicorns in 5 years, 9.2 unicorns in 10 years, and **18.4 unicorns in 20 years as a direct result of companies being formed using the AI-powered co-founder matching platform.**
- d. By 2047, YC's startups that were formed with the AI-powered co-founder matching platform are projected to be valued at more than **\$18.4 Billion dollars.** Since according to YC, YC's standard deal provides that YC will receive at least 7% equity in each startup that YC funds, **YC is projected to make approximately \$1.288 Billion on investments as a direct result of companies formed using the AI-powered co-founder matching platform by 2047** (See Exhibit Z, YC's statement about YC's standard deal).

189. In addition, due to the AI-powered co-founder matching platform, YC has gained a competitive advantage, **increased their ability to collect valuable data** and insights, elevated startup formation across the ecosystem, gained access to high quality teams and investments, and now enjoys increased brand value and expanded global reach.

190. Accordingly, where Harmony accurately projected that the AI-powered co-founder matching platform could be a **multi-billion dollar company** to include monetization opportunities by taking **equity for each startup formed** using the platform, Harmony is entitled to recover from YC expectations damages, reliance damages, compensatory damages and specific performance requiring YC to **fulfill their contractual obligations and place Harmony in the position she would have been in as the founder/inventor**

1 of the AI-powered co-founder matching platform, consequential damages including lost
2 profits and lost business opportunities, and where the above facts involve YC's malice,
3 oppression, and fraud, Harmony is entitled to recover punitive damages. Harmony also
4 requests an award of reasonable attorney fees and costs incurred in pursuing this action,
5 plus interest on the total amount of damages awarded, calculated from the date of breach
6 until the date of payment, at the statutory rate and as permitted under applicable law, and
7 any other relief the Court deems just and proper, with precise amounts to be determined
8 through discovery (**See Exhibit A**, Harmony's application to YC with her AI-powered
9 co-founder matching invention, **Page 6, Line 1**, and **Page 5, Line 40**).

10 191. As an alternative to contractual damages, Plaintiff seeks restitution in the form of
11 quantum meruit for the reasonable value of the novel ideas and proprietary concepts
12 provided to Defendant, in order to prevent Defendant's unjust enrichment in the event
13 the Court finds no enforceable contract.

14 NINTH CAUSE OF ACTION

15 (Breach of Confidentiality / Ethics against Defendants 1, 4, and 6)

16 192. Plaintiff realleges the facts set forth in paragraphs 1 through 191 above and incorporates
17 the same herein by this reference as though set forth in full.

18 193. CONFIDENTIAL RELATIONSHIP:

- 19 a. As stated herein at Pages 11- 12, Lines 31 - 32, Harmony and YC created a verbal
20 confidentiality agreement, a common industry practice (See **Dec. of W. Ryan, J. Majeski, M. Ahi**). California recognizes that promises of confidentiality in
21 business dealings can create enforceable contractual obligations even without
22 written agreements when (1) Plaintiff prepared and disclosed the idea, (2) Plaintiff
23 clearly conditioned submission on obligation to pay if accepted, (3) Defendant
24 voluntarily accepted knowing these conditions (See **Exhibit R** to FAC) and (4)
25 defendant actually used the idea (*Spinner v. American Broadcasting*, 215 Cal.
26 *App. 4th* 172 (2013)).

27 194. INVESTOR DUTIES, ETHICS, AND CONFIDENTIALITY OBLIGATIONS:

28 Investor / founder relationships are built on trust (See **Dec. of W. Ryan, J. Majeski, M. Ahi**), and the relationship between YC and Harmony was an investor / founder

1 relationship. YC had a duty to uphold confidentiality obligations and industry standard
2 ethics, applicable to investors like YC, during all interactions with Harmony. This is
3 especially true where YC is in an overwhelmingly dominant position of power and
4 influence in the startup and venture capital industry, creating a “David and Goliath”
5 dynamic.

6 195. YC purposefully and strategically develops trusting relationships with entrepreneurs. It
7 sets itself out as a community who trusts one another and honors handshake deals, and
8 YC encourages entrepreneurs not to worry that someone will steal their idea. Building
9 trust results in entrepreneurs, like Harmony, reasonably believing that YC won’t share
10 their ideas, and they certainly will not BUILD their ideas. Further, establishing trust helps
11 YC to collect valuable data and insights from entrepreneurs (**See Exhibit O**, YC ethics
12 policies; **See Exhibit P**, YC publicly encourages founders to share their ideas saying,
13 “Don’t worry that someone will copy your idea.”)

14 196. RELIANCE: Because Harmony trusted YC to uphold their duty, ethics, and
15 confidentiality obligations, she shared her idea within YC’s application.

16 197. Harmony also relied on YC’s statements due to recommendations about YC by Darya
17 Shaked, a reputable venture capitalist who founded WeAct Ventures to invest in the best
18 venture capital firms led by top women in the investment industry. She previously served
19 as COO at Vital Capital Fund, a \$350M private equity fund, and in 2018 was featured
20 among the top 100 female venture capitalists in the book, “Women Who Venture,” by
21 Renata George (**See Exhibit A** to Complaint, Page 7).

22 198. Harmony also relied on YC’s statements because YC is widely regarded as the most
23 prestigious startup accelerator in the world, and according to Fast Company, their
24 companies are valued at over \$600 Billion in total. While other startups have a failure
25 rate of 90%, YC startup’s failure rate is 18%, and 5.5% of YC companies become
26 unicorn companies worth \$1 Billion or more (**See Exhibit X**, Fast Company article
27 statistics).
28

1 199. BREACH OF DUTY: Harmony received a receipt from YC, confirming that her
2 application was submitted for review (**See Exhibit A**, Harmony’s application to YC).
3 Harmony then received an email from YC stating that her application was “not selected”
4 and stating that they **carefully review** applications, showing that YC accepted and
5 carefully reviewed Harmony’s disclosures (**See Exhibit R**, showing YC’s careful review
6 of Harmony’s disclosures).

7 200. **On August 31, 2024**, Harmony was shocked to learn that a few years after she applied,
8 YC not only shared her idea, but it also **BUILT her idea**, breaching YC’s investor duty,
9 confidentiality, and ethics obligations (**See Exhibit S, LinkedIn post** where Harmony
10 learned about YC’s co-founder matching platform; **See Exhibit T**, YC’s co-founder
11 matching platform landing page; **See Exhibit U**, YC explaining that their internal
12 developer built the co-founder matching platform).

13 201. On or about **September 30, 2024**, Harmony sent letters to YC via mail and email, sharing
14 the above facts and providing an opportunity to discuss and resolve the matter. YC failed
15 to respond, again breaching its investor duty, confidentiality, and ethical obligations. On
16 or about **February 24, 2025**, Harmony emailed YC a request for the Terms of Service
17 and Privacy Policy in place at the time her YC application was submitted. YC again
18 failed to respond, again breaching its investor duty, confidentiality, and ethical
19 obligations.. This willful and repeated lack of response by YC showcases bad faith,
20 intentional disregard for Plaintiff’s rights, and a failure to act in a manner consistent with
21 fair dealing. It has caused unnecessary delay and has compelled Harmony to initiate this
22 legal action in the Superior Court of California, County of San Francisco to seek redress.
23 Such behavior not only undermines the principles of good faith and fair dealing,
24 showcasing “take it or leave it” positioning and deceptive practices, it also exacerbates
25 Harmony’s damages and legal expenses. Accordingly, Harmony requests that this Court
26 take into consideration YC’s bad faith conduct when adjudicating the matter and
27 determining appropriate relief (**See Exhibit F**, letters emailed and mailed to YC with
28 USPS tracking; **See Exhibit G**, email to YC requesting terms).

1 202. HARM AND DAMAGES CAUSE BY YC'S BREACH OF CONFIDENTIALITY AND
2 ETHICS: As a direct and proximate result of Defendants' breach of duty, confidentiality,
3 and ethical obligations, Plaintiff has suffered substantial and ongoing harm.

4 203. Plaintiff's injuries stem from her reasonable **reliance** on Defendants' representations,
5 promises of confidentiality, and the unique position of trust Defendants established.
6 Defendants' conduct caused Plaintiff to forgo alternative avenues for commercializing her
7 business concept, pursuing strategic partnerships, and securing funding. Relying on
8 Defendants' evaluation and rejection, Plaintiff redirected her limited resources and
9 professional focus, resulting in the suspension of further development of her idea and the
10 launch of a different venture.

11 204. The harm to Plaintiff is not limited to lost business opportunities. As a direct result of
12 Defendants' breach of their confidentiality and ethical duties, and the emotional distress
13 caused by their conduct, Plaintiff's activities in her other legal tech startup have been
14 negatively impacted during this litigation. The litigation compelled by Defendants'
15 actions has consumed Plaintiff's time, energy, and financial resources, further
16 exacerbating her inability to pursue new partnerships, secure additional funding, and
17 advance her entrepreneurial goals. Plaintiff has been forced to forgo additional
18 opportunities for growth and collaboration, suffering both tangible and intangible losses.

19 205. As a direct result of Plaintiff's reliance on Defendants' promises and obligations of
20 confidentiality and ethical conduct, damages include, but are not limited to:

21 206. Loss of business opportunities, funding, and strategic partnerships that would have been
22 available but for Defendants' breach of confidentiality and ethical duties;

23 207. Negative impact on the operations and development in Plaintiff's legal tech startup
24 because Plaintiff was forced to file this lawsuit, resulting in lost profits, lost funding
25 opportunities, diminished valuation, and missed market opportunities;

26 208. Emotional distress, including loss of faith in the startup and venture capital industry,
27 professional discouragement, and reputational harm, directly attributable to Defendants'
28 conduct;

1 209. Legal expenses and costs incurred in seeking redress for Defendants' repeated bad faith
2 and failure to engage in fair dealing;
3 210. Ongoing exclusion from the YC ecosystem and diminished ability to attract collaborators,
4 investors, and customers.
5 211. These damages are based solely on Plaintiff's reliance on Defendants' representations and
6 the breach of confidentiality and ethical obligations. The harm suffered is the direct result
7 of Defendants' exploitation of trust and violation of their duties.
8 212. Plaintiff seeks **compensatory damages** for all losses incurred as a result of Defendants'
9 breach of confidentiality and ethics, including but not limited to lost profits, lost business
10 opportunities, reliance damages, emotional distress, reputational harm, and increased
11 legal expenses, in an amount to be determined through discovery and at trial. Plaintiff
12 further seeks any other relief the Court deems just and proper, to the extent permitted by
13 law.

14 TENTH CAUSE OF ACTION

15 (Negligence against Defendants 1, 4, and 6)

16 213. Plaintiff realleges the facts set forth in paragraphs 1 through 212 above and incorporates
17 the same herein by this reference as though set forth in full.

18 214. YC owed Harmony a duty to exercise reasonable care in handling, safeguarding, and
19 refraining from internal misuse of her confidential idea submission by virtue of the
20 parties' relationship, YC's express and public assurances of confidentiality and ethical
21 treatment, and the well-established custom in the startup accelerator industry that founder
22 submissions are not to be used or disclosed without the founder's consent or
23 compensation (See **Dec. of W. Ryan, J. Majeski, M. Ahi**).

24 215. **CONFIDENTIAL RELATIONSHIP**: As stated herein at Pages 11 - 12, Lines 31 - 32,
25 Harmony and YC created a verbal confidentiality agreement, a common industry practice
26 (See **Dec. of W. Ryan, J. Majeski, M. Ahi**).

27 216. **INVESTOR DUTIES, ETHICS, AND CONFIDENTIALITY OBLIGATIONS**:

28 Investor / founder relationships are built on trust and ethical standards (See **Dec. of W.
Ryan, J. Majeski, M. Ahi**), and the relationship between YC and Harmony was an

investor / founder relationship. YC had a duty to uphold confidentiality obligations, industry standards, and properly handle, safeguard, and refrain from misuse of Harmony's confidential idea submission.

217. BREACH: Harmony followed YC's instructions to submit her idea, and received a receipt from YC, confirming that her application was submitted for review (**See Exhibit A**, Harmony's application to YC). Harmony then received an email from YC stating that her application was "not selected" and stating that they **carefully review** applications, showing that YC accepted and carefully reviewed Harmony's disclosures (**See Exhibit R**, showing YC's careful review of Harmony's disclosures).

218. YC breached its duty to properly handle, safeguard, and avoid internal misuse of her application submission when Harmony's idea submission was mishandled by YC, and then it was used internally by YC without permission, compensation, or credit to Harmony.

219. ACTUAL / PROXIMATE CAUSATION: As a direct and proximate result of Defendants' failure to exercise reasonable care in handling, safeguarding, and refraining from internal misuse of Plaintiff's idea submission, Plaintiff suffered harm that would not have occurred but for Defendants' mishandling of her application. Plaintiff reasonably relied on Defendants' express and public assurances of confidentiality and ethical treatment, as well as the well-established custom in the startup accelerator and venture capital industry that founder submissions are not to be used or disclosed without the founder's consent or compensation (**See Dec. of W. Ryan, J. Majeski, M. Ahi**). Defendants' breach of their duty of care, mishandling, and misuse of her application foreseeably caused Plaintiff to forgo alternative avenues for commercializing her business concept, loss of first mover advantage, accelerated competition, loss of pursuit of strategic partnerships, and loss of funding. The harm suffered by Plaintiff was a foreseeable consequence of Defendants' failure to properly handle and safeguard the confidential submission, given the parties' relationship and the industry standards that governed their interactions.

1 220. DAMAGES: As a result of Defendants' negligent handling and internal misuse of
2 Plaintiff's confidential idea submission, Plaintiff has suffered substantial and ongoing
3 harm. Plaintiff's injuries include, but are not limited to, the loss of time and resources
4 spent developing the concept prior to applying to YC, business opportunities and
5 strategic partnerships that would have been available had Defendants exercised
6 reasonable care, negative impact on the operations and development of Plaintiff's other
7 legal tech startup due to the diversion of time, energy, and resources required to address
8 Defendants' conduct in litigation, emotional distress and professional discouragement
9 resulting from breach of trust and ethical standards, legal expenses and costs incurred in
10 seeking redress for Defendants' failure to act in accordance with industry norms, and
11 ongoing exclusion from YC's ecosystem, resulting in diminished ability to attract
12 collaborators, investors, and customers. These damages are based solely on Defendants'
13 breach of their duty of care and the resulting harm to Plaintiff's business and professional
14 interests.

15 221. Plaintiff seeks compensatory damages for all losses incurred as a result of Defendants'
16 negligence, including but not limited to lost profits, lost business opportunities, reliance
17 damages, emotional distress, reputational harm, and legal expenses and costs, in an
18 amount to be determined through discovery and at trial. Plaintiff further seeks any other
19 relief the Court deems just and proper, to the extent permitted by law.

20 ELEVENTH CAUSE OF ACTION

21 (Unfair Competition against Defendants 1, 4, and 6)

22 222. Plaintiff realleges the facts set forth in paragraphs 1 through 221 above and incorporates
23 the same herein by this reference as though set forth in full.

24 223. YC violated Business & Professions Code § 17500 by (a) making public statements or
25 advertisements, (2) that were untrue or misleading, or known (or should have been
26 known) to be untrue or misleading, (3) with intent to induce the public to use YC's
27 services, and (4) resulted in injury in fact and loss of money to the Plaintiff.
28

1 224. PUBLIC STATEMENTS: YC’s engaged in unlawful, unfair, and fraudulent business acts
2 including **deceptive intake practices** that have a broad public impact and confer unfair
3 competitive advantage. For example, YC incited Harmony to apply by stating that she
4 could, “sell to the YC community” (See **Exhibit M** to Complaint, handwritten notes from
5 March 2018 event). YC, however, had no intent to buy or select Harmony’s idea at the
6 time this comment was made. YC’s exact words of inducement were recorded in
7 Harmony’s handwritten notes the day of the event, inside quotation marks (See **Exhibit**
8 **M** to Complaint).

9
10
11 225. During YC’s **deceptive intake process**, YC set itself out as a community who trusts one
12 another and honors handshake deals. YC encourages entrepreneurs not to worry that
13 someone will steal their idea (See **Exhibit O**, YC ethics policies; See **Exhibit P**, YC
14 publicly encourages founders to share their ideas saying, “Don’t worry that someone will
15 copy your idea.”). YC then instructs founders to not sign NDAs. YC states, “What not to
16 do while communicating with investors: Don’t Ask for an NDA.” See Y Combinator, A
17 Guide to Seed Fundraising, Y Combinator Library,
18 <https://www.ycombinator.com/library/4A-a-guide-to-seed-fundraising> (last visited Sept.
19 3, 2025).

20
21
22 226. YC’s unlawful, unfair business, and fraudulent business practices during their **deceptive**
23 **intake process** lead founders to wrongly believe that YC, in accordance with industry
24 standards, will keep disclosures confidential. For example, YC’s direct competitor, Tech
25 Stars accelerator, states, “**We’re not in the business of stealing ideas, and we treat**
26 **application data as confidential information...**” *Techstars, I’m Concerned If I Apply to*
27 *Techstars You Won’t Protect My Intellectual Property — Should I Be Worried?*,
28

1 Techstars Support, [https://help.techstars.com/support/solutions/articles/4000207097-i-m-](https://help.techstars.com/support/solutions/articles/4000207097-i-m-concerned-if-i-apply-to-techstars-you-won-t-protect-my-intellectual-property-should-i-be-worried#:~:text=I'm%20concerned%20if%20I,for%20itself%20on%20this%20topic)
2 [concerned-if-i-apply-to-techstars-you-won-t-protect-my-intellectual-property-should-i-](https://help.techstars.com/support/solutions/articles/4000207097-i-m-concerned-if-i-apply-to-techstars-you-won-t-protect-my-intellectual-property-should-i-be-worried#:~:text=I'm%20concerned%20if%20I,for%20itself%20on%20this%20topic)
3 [be-worried#:~:text=I'm%20concerned%20if%20I,for%20itself%20on%20this%20topic](https://help.techstars.com/support/solutions/articles/4000207097-i-m-concerned-if-i-apply-to-techstars-you-won-t-protect-my-intellectual-property-should-i-be-worried#:~:text=I'm%20concerned%20if%20I,for%20itself%20on%20this%20topic)
4
5 (last visited Sept. 3, 2025; See **Dec. of W. Ryan, J. Majeski, M. Ahi**).

6 227. UNTRUE OR MISLEADING: YC’ s deceptive intake processes are untrue or
7 misleading. For example, YC stated that she could “**sell to the YC community**,” but YC
8 had no intent to select Harmony’s idea or compensate her at the time this comment was
9 made.

10 228. Contradictions, such as YC inducing Harmony by saying that she can “sell to the YC
11 community” and then instead usurping the idea for YC’s own benefit is recognized by
12 courts as probative of knowledge and intent to meet elements of fraud (See *Continental*
13 *Airlines, Inc. v. McDonnell Douglas Corp.* (1989) 216 Cal.App.3d 388, 426, highlighting
14 that fraudulent intent may be established by circumstantial evidence, including the
15 subsequent conduct of the defendant). The stark contradiction between YC’s statement
16 and its subsequent actions supports a strong inference that, at the time YC made its
17 representations to Harmony, it knew those representations were untrue or misleading.

18 229. YC assures founders, including Harmony, of confidentiality while instructing them to not
19 ask for an NDA, only to reverse its position in litigation, arguing that the founder’s YC
20 application should be made public.

21 230. INTENT TO INDUCE USE OF YC SERVICES: YC’s statements were intended to
22 induce Harmony to use YC’s services and apply to YC with her idea. YC stated she could
23 “sell to the YC community,” believing that this would induce her to apply to YC with her
24 idea. YC stated that it is a community who trusts one another and honors handshake
25 deals, to induce Harmony to submit her idea to YC without a written NDA while trusting
26 YC to uphold industry standards regarding verbal confidentiality agreements (**See Dec. of**
27 **W. Ryan, J. Majeski, M. Ahi**).
28

231. INJURY IN FACT / RELIANCE: Harmony relied on YC's unlawful, unfair, and fraudulent statements, submitted her idea to YC, and as a direct result, Plaintiff suffered extensive and multifaceted harm.

- a. Harmony relied on YC's statements due to recommendations about YC by Darya Shaked, a reputable venture capitalist who founded WeAct Ventures to invest in the best venture capital firms led by top women in the investment industry. She previously served as COO at Vital Capital Fund, a \$350M private equity fund, and in 2018 was featured among the top 100 female venture capitalists in the book, "Women Who Venture," by Renata George (See Exhibit A to Complaint, Page 7).
- b. Also, Harmony relied on YC's statements because YC is widely regarded as the most prestigious startup accelerator in the world, and according to Fast Company, their companies are valued at over \$600 Billion in total. While other startups have a failure rate of 90%, YC startup's failure rate is 18%, and 5.5% of YC companies become unicorn companies worth \$1 Billion or more (See Exhibit X, Fast Company article statistics).
- c. Harm and damages include but are not limited to the following:
 - i. In reliance on Defendants' statements and solicitations, Plaintiff was induced to submit her idea. Prior to Defendants' statements, Plaintiff had already devoted substantial time, effort, and resources to researching, conceptualizing, and developing her business idea.
 - ii. Defendants' did "not select" her submission, after careful review, and Plaintiff then trusted YC's prestigious evaluation of her business concept, which caused Plaintiff to forego alternative avenues for presenting, commercializing, or monetizing her idea. Her reliance on YC's deceptive statements resulted in Plaintiff's exclusion from other potential

1 partnerships, funding sources, and commercialization strategies. Plaintiff
2 would not have submitted her application to YC, or foregone other
3 opportunities, but for Defendants' unlawful, unfair, fraudulent, and
4 deceptive statements.
5

6 iii. Plaintiff suffered expectation damages in the form of lost business
7 opportunities, including the inability to present her product to Silicon
8 Valley investors and potential customers, and the loss of access to the
9 competitive advantages associated with participation in the YC program.
10 Plaintiff's reliance on Defendants' promises caused her to forego
11 alternative avenues for funding, partnership, and commercialization,
12 resulting in lost profits, diminished market share, and reduced valuation of
13 her business. Plaintiff further seeks damages for the value of alternative
14 opportunities and partnerships that were reasonably available and would
15 have been pursued but for Defendants' unfair, fraudulent, unlawful
16 business practices and false advertising.
17

18
19 iv. Plaintiff also suffered loss of competitive advantage, as Defendants'
20 conduct deprived her of the opportunity to leverage YC program resources
21 and network, which would have provided a significant edge in the market
22 and accelerated the growth and success of her business. The exclusion
23 from the YC community and its ecosystem resulted in a measurable loss of
24 future profits and business growth that Plaintiff would have reasonably
25 expected to achieve if YC's statements were in fact true instead of false
26 and misleading.
27
28

- 1 v. Plaintiff further suffered reputational harm and emotional distress due to
2 the personal and sentimental value of Plaintiff's work on her idea and as a
3 result of Defendants' deception, including the rejection of her application
4 and the subsequent exclusion from the YC community, which negatively
5 impacted her standing in the entrepreneurial and investment ecosystem.
6 The loss of credibility and diminished reputation in the industry has had
7 ongoing adverse effects on Plaintiff's ability to attract investors,
8 collaborators, and customers.
- 10
11 vi. The matter involves a clear "**David and Goliath**" dynamic, where
12 Harmony is an individual founder and YC is the most powerful,
13 influential, and highly resourced startup accelerator worldwide. YC
14 knowingly exploited its overwhelming power and resources, confident that
15 a lone founder would face insurmountable obstacles in seeking redress for
16 such misconduct. Defendants' conduct was willful, malicious, and carried
17 out with conscious disregard for Plaintiff's rights, entitling Plaintiff to an
18 award of punitive damages in an amount sufficient to deter similar
19 misconduct by YC in the future. Plaintiff also seeks damages for
20 emotional distress resulting from Defendants' egregious conduct to the
21 extent permitted by law.
- 24 vii. Plaintiff seeks compensatory damages for all losses incurred as a result of
25 Defendants' unfair, unlawful, fraudulent statements, including but not
26 limited to lost profits, lost business opportunities, lost opportunity costs,
27 reliance damages, loss of competitive advantage, emotional distress, and
28

1 reputational harm, in an amount to be determined through discovery and at
2 trial. Plaintiff further seeks punitive damages, attorneys' fees, costs of suit,
3 and any other relief the Court deems just and proper.
4

5 TWELFTH CAUSE OF ACTION

6 (Unjust Enrichment / Restitution against Defendants 1, 4, and 6)

7 232. Plaintiff realleges the facts set forth in paragraphs 1 through 231 above and incorporates
8 the same herein by this reference as though set forth in full.

9 233. YC'S INTAKE AND NON-USE AGREEMENT: On or about March 23, 2018, while
10 sharing "high level" non-confidential information only (See **Dec. of W. Ryan, J.**
11 **Majeski, M. Ahi, V. Townsend**; See **Exhibit PP** attached hereto; See **Exhibit Q** to
12 FAC), Harmony expressly informed the YC Partner that she has a confidential idea to
13 help entrepreneurs form strong, highly fundable teams and that it is important to keep it
14 confidential while discussing it for the sole purpose of evaluating a potential business
15 investment (See **Dec. of W. Ryan, J. Majeski, M. Ahi**).

16 234. The YC Partner expressly agreed and understood and proceeded to ask Harmony to share
17 the novel information with YC, providing Harmony with specific instructions for doing
18 so (See **Exhibit M** to FAC).

19 235. Harmony took notes about what the YC Partner said (See **Exhibit M** to FAC).

20 236. BENEFIT TO YC: Harmony shared her data in confidence within YC's application,
21 providing them with her novel and custom research revealing and laying out a distinct
22 and pervasive problem, solution, the applicable market, go to market strategy, business
23 logic, market validation, a roadmap, and a first mover advantage for a revolutionary
24 product that will greatly benefit entrepreneurs (YC's customers), accelerators (YC),
25 investors (YC), and the startup ecosystem as a whole.

26 237. PLAINTIFF'S EXPENSE: Harmony's idea submission and data she shared with YC, and
27 that YC wrongfully used, rightfully belonged and belongs to Harmony. Harmony spent
28 significant time and resources in law school and independently in the Silicon Valley

ecosystem conducting research, surveying entrepreneurs, filing a provisional patent, studying the distinct and pervasive problem, deriving a solution, studying the market, planning the go to market strategy, designing the business logic, and establishing a valuable first mover advantage.

238. UNJUST RETENTION: After Harmony revealed and laid out the distinct and pervasive problem, solution, the applicable market, go to market strategy, business logic, market validation, a roadmap, and first mover advantage for a revolutionary product that will greatly benefit entrepreneurs (YC's customers), accelerators (YC), investors (YC), and the startup ecosystem as a whole, YC received a benefit, and it hired an internal developer to build Harmony's idea, without compensating or crediting Harmony as agreed (See Exhibit U, YC explaining that their internal developer built the co-founder matching platform).

239. RESTITUTION: As a direct result of Defendants' retention and use of the confidential information submitted by Plaintiff, Defendants have been unjustly enriched at Plaintiff's expense. Plaintiff seeks restitution in the form of disgorgement of the benefits and economic gains realized by Defendants through the development, launch, and ongoing operation of the co-founder matching platform, which was built using Plaintiff's novel research, including but not limited to business logic, market analysis, and strategic roadmap, as discussed above.

240. Restitution is warranted to restore Plaintiff to the position she would have occupied had Defendants not wrongfully retained and exploited her confidential submission. The measure of restitution shall include, but is not limited to, the value of the benefit conferred upon Defendants, as evidenced by:

- a. The substantial time, effort, and resources expended by Plaintiff in developing the underlying concept, conducting market research, and formulating the business strategy that Defendants appropriated and implemented;
- b. The quantifiable economic advantage gained by Defendants, including but not limited to the formation and funding of startups through the co-founder matching

platform, the equity interests acquired in those startups, and the projected future returns attributable to the platform's operation;

- c. The increased competitive position, brand value, and market reach Defendants have achieved as a direct result of their use of Plaintiff's submission, including access to high-quality teams, investments, and proprietary data insights.
- d. Plaintiff seeks restitution in an amount equal to the value of the benefit unjustly retained by Defendants, including the monetary value of equity interests, profits, and other economic gains realized or reasonably expected to be realized from the operation and commercialization of the co-founder matching platform. The precise amount of restitution shall be determined according to proof at trial, including expert testimony and documentary evidence regarding the platform's impact on Defendants' overall business, the value of startups formed, and the financial returns attributable to Plaintiff's contributions.
- e. Plaintiff further seeks an order requiring Defendants to disgorge all profits, equity, and other benefits obtained as a result of their unjust enrichment, together with interest from the date of wrongful retention until the date of payment, as permitted by law. Plaintiff also requests an award of reasonable attorney fees and costs incurred in pursuing this action, and any other relief the Court deems just and proper to effectuate full restitution.

THIRTEENTH CAUSE OF ACTION

(Promissory Estoppel against Defendants 1, 4, and 6)

241. Plaintiff realleges the facts set forth in paragraphs 1 through 240 above and incorporates the same herein by this reference as though set forth in full.

242. CLEAR AND UNAMBIGUOUS PROMISES DURING INTAKE: YC makes promises during their intake process, such as stating that Harmony could, "sell to the YC community" (See Exhibit M to Complaint, handwritten notes from March 2018 event). YC, however, had no intent to buy or select Harmony's idea at the time this comment

1 was made. YC's exact words of inducement were recorded in Harmony's handwritten
2 notes the day of the event, inside quotation marks (**See Exhibit M** to Complaint).

3 243. Also during YC's intake process, YC promises to maintain a high standard of ethics. It
4 sets itself out as a community who trusts one another and honors handshake deals. YC
5 encourages entrepreneurs not to worry that someone will steal their idea (**See Exhibit O**,
6 YC ethics policies; **See Exhibit P**, YC publicly encourages founders to share their ideas
7 saying, "Don't worry that someone will copy your idea."). YC then instructs founders to
8 not sign NDAs. YC states, "What not to do while communicating with investors: Don't
9 Ask for an NDA." See Y Combinator, A Guide to Seed Fundraising, Y Combinator
10 Library, <https://www.ycombinator.com/library/4A-a-guide-to-seed-fundraising> (last
11 visited Sept. 3, 2025).
12
13

14 244. Also during YC's intake process, YC makes promises that an idea submission will only
15 be used for the sole purpose of evaluating it for potential investment. For example, while
16 sharing "high level" non-confidential only (See **Dec. of W. Ryan, J. Majeski, M. Ahi**),
17 Harmony expressly informed the YC Partner that she has a confidential idea to help
18 entrepreneurs form strong, highly fundable teams and that it is important to keep her idea
19 confidential while discussing it for the sole purpose of evaluating a potential
20 investment (See **Dec. of W. Ryan, J. Majeski, M. Ahi**).

21 245. The YC Partner expressly agreed and understood and proceeded to ask Harmony to share
22 the novel information with YC, providing Harmony with specific instructions for doing
23 so (See **Exhibit M** to FAC).

24 246. Harmony took notes about what the YC Partner said (See **Exhibit M** to FAC).

25 247. ACTUAL RELIANCE ON YC'S INTAKE PROCESSES THAT INDUCED
26 DISCLOSURE: Harmony was induced by YC's promises of selling to the YC
27 community, that they are committed to maintaining a high standard of ethics, and that her
28

1 idea submission would only be used for the sole purpose of evaluating a potential
2 investment, and she actually relied on the promises of YC.

3 248. Harmony also actually relied on YC's intake promises due to recommendations about YC
4 by Darya Shaked, a reputable venture capitalist who founded WeAct Ventures to invest
5 in the best venture capital firms led by top women in the investment industry. She
6 previously served as COO at Vital Capital Fund, a \$350M private equity fund, and in
7 2018 was featured among the top 100 female venture capitalists in the book, "Women
8 Who Venture," by Renata George (See **Exhibit A** to Complaint, Page 7).

9 249. Harmony also actually relied on YC's intake promises because YC is widely regarded as
10 the most prestigious startup accelerator in the world, and according to Fast Company,
11 their companies are valued at over \$600 Billion in total. While other startups have a
12 failure rate of 90%, YC startup's failure rate is 18%, and 5.5% of YC companies become
13 unicorn companies worth \$1 Billion or more (See **Exhibit X**, Fast Company article
14 statistics).

15 250. The intake promises by YC were **clear, specific, unambiguous**, and intended to induce
16 Harmony's trust, reliance, application, and disclosure of her idea to YC in exchange for
17 monetary compensation and the opportunity to "sell to the YC community."

18 251. Because Harmony trusted YC to uphold their promises, she shared her idea within YC's
19 application.

20 252. **BROKEN INTAKE PROMISES:** Harmony received a receipt from YC, confirming that
21 her application was submitted for review (See **Exhibit A**, Harmony's application to YC).
22 Harmony then received an email from YC stating that her application was "not selected"
23 and stating that they **carefully review** applications, showing that YC accepted and
24 carefully reviewed Harmony's disclosures (See **Exhibit R**, showing YC's careful review
25 of Harmony's disclosures).

26 253. YC then hired an internal developer to build her idea, **failing to uphold its intake**
27 **promises** including of YC's high standards of ethics, Harmony "selling to the YC
28 community," and YC using her idea submission for the sole purpose of evaluating a

potential investment (See Exhibit U, YC explaining that their internal developer built the co-founder matching platform).

254. ENFORCEMENT OF PROMISE IS NECESSARY TO AVOID INJUSTICE:

When Harmony’s application was “not selected” by YC, and then YC used her idea, it was **detrimental** to Harmony, and injustice can only be avoided by enforcement of YC’s promise, as Harmony would otherwise suffer substantial loss and YC would be unjustly enriched by its conduct. The harm and **damages that resulted** are as follows:

255. As a direct and foreseeable result of Plaintiff’s reasonable and detrimental reliance on Defendants’ clear and unambiguous promises—including assurances that Plaintiff’s idea submission would be used solely for the purpose of evaluating a potential investment, that Plaintiff could “sell to the YC community,” and that Defendants would maintain a high standard of ethics—Plaintiff suffered substantial economic and non-economic harm. Plaintiff seeks recovery of **reliance damages**, measured by the losses incurred and opportunities foregone as a result of acting in reliance on Defendants’ promises.

256. Plaintiff’s reliance resulted in the disclosure of valuable, novel information to Defendants, the expenditure of significant time, effort, and resources prior to submitting the application, and the loss of alternative business opportunities and potential investments that Plaintiff would have pursued but for Defendants’ promises. Plaintiff further suffered the loss of expected monetary compensation and the opportunity to participate in the YC community, as well as reputational and competitive harm resulting from Defendants’ failure to honor their promises.

257. Plaintiff seeks an award of damages sufficient to restore Plaintiff to the position she would have occupied had Defendants fulfilled their promises, including but not limited to:

- a. The value of the time, resources, and opportunities expended in reliance on Defendants’ promises;
- b. The monetary value of lost business opportunities and investments that Plaintiff reasonably expected to realize as a result of Defendants’ promises;

- 1 c. The economic benefit conferred upon Defendants through their use and
2 commercialization of Plaintiff's disclosed information, to the extent such benefit
3 is attributable to Plaintiff's reasonable reliance;
4 d. Any other consequential losses directly resulting from Plaintiff's reliance on
5 Defendants' promises.
6 e. The precise amount of damages shall be determined according to proof at trial,
7 including expert testimony and documentary evidence regarding the value of
8 Plaintiff's reliance, the opportunities lost, and the economic gains realized by
9 Defendants as a result of Plaintiff's disclosures.
10 f. Plaintiff further requests an award of reasonable attorney fees and costs incurred
11 in pursuing this action, together with interest on the total amount of damages
12 awarded, calculated from the date of breach until the date of payment, as
13 permitted by law, and any other relief the Court deems just and proper to
14 effectuate full compensation for Plaintiff's reliance.

15 REQUEST FOR JUDICIAL NOTICE

16 Plaintiff respectfully requests that this Court take judicial notice of the following exhibits
17 pursuant to California Evidence Code §§ 450-460. In support of this request, Plaintiff refers to
18 the **Declaration of Harmony Oswald** filed with this Court on or about May 13, 2025 and
19 incorporated herein by reference, which provides further details regarding the authenticity and
20 relevance of the exhibits submitted for the Court's consideration.

- 21 1. **Exhibit H** is a true and correct copy of Subordination, Non-Disturbance, and Attornment
22 Agreement recorded in the City and County of San Francisco, under the authority of
23 Joaquin Torres, Assessor-Recorder, describing the leasehold interest of YC as tenant.
24 2. **Exhibit I** is a true and correct copy of the LinkedIn post made in 2024 by YC's General
25 Partner, Jared Friedman, discussing YC's San Francisco location (hereinafter "JF's LI
26 Post").
27 3. **Exhibit J** is a true and correct copy of the 2024 Business Insider article referenced in
28 JF's LI Post announcing the San Francisco location.

- 1 4. **Exhibit O** is a true and correct copy of YC’s ethics policies, publicly displayed at
2 ycombinator.com.
- 3 5. **Exhibit S** is a true and correct copy of the LinkedIn post by Cindy Gallop where on
4 August 31, 2024, Harmony first learned about YC’s co-founder matching platform.
- 5 6. **Exhibit X** is a true and correct copy of the Fast Company articles with YC statistics,
6 pertinent in estimating damages.
- 7 7. **Exhibit Y** is a true and correct copy of a Vention Teams blog post citing CB Insights
8 data, pertinent in estimating damages.

9 **Legal Basis for Judicial Notice**

10 Under California Evidence Code § 452, a court may take judicial notice of a fact that is not
11 subject to reasonable dispute because it is either (1) generally known within the territorial
12 jurisdiction of the court; or (2) can be accurately and readily determined from sources whose
13 accuracy cannot reasonably be questioned. Plaintiff respectfully requests that the Court take
14 judicial notice of the aforementioned exhibits as they meet the criteria set forth in the California
15 Evidence Code. The **Declaration of Harmony Oswald** filed with this Court on or about May
16 13, 2025 and incorporated herein by reference provides further details regarding the authenticity
17 and relevance of the exhibits.

18 **Motion to Seal Exhibits**

19 Under local rule 8.2(A)(2)(a) and in **good faith**, Plaintiff conferred with all other parties before
20 scheduling and noticing the motion to seal hearing. Plaintiff filed a **Declaration of Harmony**
21 **Oswald** with this Court along with the complaint on or about May 13, 2025 and incorporated
22 herein by reference, notifying the Court of the intent and request to seal.

23 **PRAYER FOR RELIEF**

24 WHEREFORE, Plaintiff respectfully requests that this Court enter judgment in its favor and
25 against Defendants, granting the following relief:

26
27 //

28 //

1 FIRST CAUSE OF ACTION

2 (Fraudulent Inducement against Defendants 1, 4, and 6)

3 Plaintiff seeks compensatory damages for lost business opportunities, expectation damages,
4 reliance damages, loss of competitive advantage, reputational harm, emotional distress, and
5 punitive damages for Defendants' willful and malicious fraudulent inducement.

6 SECOND CAUSE OF ACTION

7 (Fraudulent Misrepresentation against Defendants 1, 4, and 6)

8 Plaintiff requests compensatory damages for lost profits, lost equity, lost business opportunities,
9 and punitive damages for Defendants' fraudulent misrepresentation, including the value of
10 alternative opportunities and reputational harm.

11 THIRD CAUSE OF ACTION

12 (Negligent Misrepresentation against Defendants 1, 4, and 6)

13 Plaintiff seeks compensatory damages for reliance losses, lost business opportunities, lost profits,
14 diminished market share, and reputational harm resulting from Defendants' negligent
15 misrepresentations.

16 FOURTH CAUSE OF ACTION

17 (Fraudulent Concealment against Defendants 1, 4, and 6)

18 Plaintiff requests compensatory damages for lost opportunities, lost profits, diminished market
19 presence, reputational harm, emotional distress, and punitive damages arising from Defendants'
20 fraudulent concealment of material facts.

21 FIFTH CAUSE OF ACTION

22 (Promissory Fraud against Defendants 1, 4, and 6)

23 Plaintiff seeks compensatory damages for lost profits, lost business opportunities, reliance
24 damages, loss of competitive advantage, reputational harm, emotional distress, and punitive
25 damages due to Defendants' promissory fraud.

26 SIXTH CAUSE OF ACTION

27 (Constructive Fraud against Defendants 1, 4, and 6)

28 Plaintiff requests compensatory damages for lost business opportunities, reliance damages,
emotional distress, reputational harm, increased legal expenses, and exemplary damages for
Defendants' abuse of a special, trusting, fiduciary relationship.

1 SEVENTH CAUSE OF ACTION

2 (Misappropriation of Trade Secrets against Defendants 1 - 6)

3 Plaintiff seeks compensatory damages for actual loss and unjust enrichment, or a reasonable
4 royalty under California Civil Code § 3426.3 if such amounts are not provable, plus exemplary
5 damages for willful and malicious misappropriation, and reasonable attorney fees and costs.

6 EIGHTH CAUSE OF ACTION

7 (Breach of Implied Contract – Idea Submission, against Defendants 1, 4, and 6)

8 Plaintiff requests expectation damages, reliance damages, compensatory damages, specific
9 performance to place Plaintiff in the position she would have occupied as founder/inventor,
10 consequential damages including lost profits and business opportunities, punitive damages, and
11 attorney fees and costs.

12 NINTH CAUSE OF ACTION

13 (Breach of Confidentiality / Ethics against Defendants 1, 4, and 6)

14 Plaintiff seeks compensatory damages for lost profits, lost business opportunities, reliance
15 damages, emotional distress, reputational harm, increased legal expenses, and any other relief for
16 Defendants’ breach of confidentiality and ethical obligations.

17 TENTH CAUSE OF ACTION

18 (Negligence against Defendants 1, 4, and 6)

19 Plaintiff requests compensatory damages for lost profits, lost business opportunities, reliance
20 damages, emotional distress, reputational harm, legal expenses, and costs resulting from
21 Defendants’ negligent handling and misuse of Plaintiff’s confidential idea submission.

22 ELEVENTH CAUSE OF ACTION

23 (Unfair Competition against Defendants 1, 4, and 6)

24 Plaintiff seeks compensatory damages for lost profits, lost business opportunities, reliance
25 damages, loss of competitive advantage, emotional distress, reputational harm, punitive
26 damages, attorneys’ fees, and costs of suit for Defendants’ unlawful, unfair, and fraudulent
business practices.

27 TWELFTH CAUSE OF ACTION

28 (Unjust Enrichment / Restitution against Defendants 1, 4, and 6)

Plaintiff requests restitution in the form of disgorgement of all profits, equity, and other benefits

1 obtained by Defendants, compensatory damages for the value of the benefit conferred, and
2 attorney fees and costs.

3 THIRTEENTH CAUSE OF ACTION

4 (Promissory Estoppel against Defendants 1, 4, and 6)

5 Plaintiff seeks reliance damages, restitution for unjust enrichment, compensatory damages for
6 losses incurred due to reliance on Defendants' promises, and any consequential damages directly
7 resulting from such reliance.

8 ADDITIONAL RELIEF

- 9
- 10 • Costs and Attorney Fees: Awarding Plaintiff the costs of this action, including reasonable
11 attorney fees, as permitted under applicable law.
 - 12 • Interest: Awarding pre-judgment and post-judgment interest on all sums awarded,
13 calculated from the date of breach until the date of payment, at the statutory rate.
 - 14 • Other Relief: Granting any other relief the Court deems just and proper, including but not
15 limited to equitable remedies or additional forms of compensation.

16 Dated: November 13, 2025

17 By: 

18 _____
19 Harmony Oswald
20 Plaintiff
21
22
23
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Exhibit LL



**Request
Certificate**

<i>Initial Filing Date</i>	04/21/2014
<i>Status</i>	Active
<i>Standing - SOS</i>	Good
<i>Standing - FTB</i>	Good
<i>Standing - Agent</i>	Good
<i>Standing - VCFCF</i>	Good
<i>Formed In</i>	DELAWARE
<i>Entity Type</i>	Limited Liability Company - Out of State
<i>Principal Address</i>	335 PIONEER WAY MOUNTAIN VIEW, CA 94041
<i>Mailing Address</i>	335 PIONEER WAY MOUNTAIN VIEW, CA 94041
<i>Statement of Info Due Date</i>	04/30/2026
<i>Agent</i>	Individual CAROLYNN LEVY 335 PIONEER WAY MOUNTAIN VIEW, CA 94041

YC AFFILIATES FUND II, L.P. (201734800001)



Request Certificate

<i>Initial Filing Date</i>	12/08/2017
<i>Status</i>	Active
<i>Standing - FTB</i>	Good
<i>Standing - Agent</i>	Good
<i>Formed In</i>	DELAWARE
<i>Entity Type</i>	Limited Partnership - Out of State
<i>Principal Address</i>	335 PIONEER WY MOUNTAIN VIEW, CA 94041
<i>Mailing Address</i>	335 PIONEER WY MOUNTAIN VIEW, CA 94041
<i>Agent</i>	Individual CAROLYNN LEVY 335 PIONEER WY MOUNTAIN VIEW, CA 94041



View History



Request Access

YC AFFILIATES FUND II (QP), L.P. (201806500005)



Request Certificate

<i>Initial Filing Date</i>	02/20/2018
<i>Status</i>	Active
<i>Standing - FTB</i>	Good
<i>Standing - Agent</i>	Good
<i>Formed In</i>	DELAWARE
<i>Entity Type</i>	Limited Partnership - Out of State
<i>Principal Address</i>	335 PIONEER WY MOUNTAIN VIEW, CA 94041
<i>Mailing Address</i>	335 PIONEER WY MOUNTAIN VIEW, CA 94041
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<i>Standing - VCFCF</i>	Good
<i>Formed In</i>	DELAWARE
<i>Entity Type</i>	Limited Liability Company - Out of State
<i>Principal Address</i>	335 PIONEER WAY MOUNTAIN VIEW, CA 94041
<i>Mailing Address</i>	335 PIONEER WAY MOUNTAIN VIEW, CA 94041
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<i>Standing - VCFCF</i>	Good
<i>Formed In</i>	DELAWARE
<i>Entity Type</i>	Limited Liability Company - Out of State
<i>Principal Address</i>	335 PIONEER WAY MOUNTAIN VIEW, CA 94041
<i>Mailing Address</i>	335 PIONEER WAY MOUNTAIN VIEW, CA 94041
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<i>Entity Type</i>	Limited Partnership - Out of State
<i>Principal Address</i>	335 PIONEER WAY MOUNTAIN VIEW, CA 94041
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To keep up with the growing sizes of early-stage funding rounds, Y Combinator announced this morning that it will increase the size of its investments to \$150,000 for 7 percent equity starting with its winter 2019 batch.

Based in Mountain View, Calif., YC funds and mentors hundreds of startups per year through its 12-week program that culminates in a [demo day](#), where founders pitch their companies to an audience of Silicon Valley's top investors. Airbnb, Dropbox and Instacart are among its greatest successes.

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[Since 2014](#), YC has invested \$120,000 for 7 percent equity in its companies. It has increased the size of its investment before — in 2007, a YC “standard deal” was just \$20,000 — but the amount of equity the accelerator takes in exchange for the capital has been consistent.

“We thought a \$30K increase was necessary to help companies stay focused on building their product without worrying about fundraising too soon,” Y Combinator chief executive officer Michael Seibel wrote in a [blog post](#) this morning. “Capital for startups has never been more abundant, and we’ll continue to focus on the things that remain hard to come by —

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community, simplicity, advice that's systematic and personal, and above all, a great founder experience."

Seibel was named CEO in 2016. Partner Sam Altman serves as YC's president.

YC is also changing the way it crafts its investments. It will now invest in startups on a post-money safe basis rather than on a pre-money safe. YC invented the fundraising mechanism, safe, in 2013. A safe, or a simple agreement for future equity, means an investor makes an investment in a company and receives the company stock at a later date — an alternative to a convertible note. A safe is a quicker and simpler way to get early money into a company and the idea was, according to YC, that holders of those safes would be early investors in the startup's Series A or later priced equity rounds.

In recent years, YC noticed that startups were raising much larger seed rounds than before and those safes were "really better considered as wholly separate financings, rather than 'bridges' into later priced rounds." Founders, in the meantime, were struggling to determine how much they were being diluted.

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YC's latest change, in short, will make it easier for founders to know exactly how much of their company they are selling off and will make capitalization table math, which can be extremely grueling for founders, a whole lot easier.

Why SAFE notes are not safe for entrepreneurs

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The pre-money safe has been criticized by founders and investors alike.

Last year, a pair of venture capitalists who'd worked with YC companies, Dolby Family Partners' Pascal Levensohn and Andrew Krowne, wrote that the safe method was screwing over founders.

“Entrepreneurs who don’t do the capitalization table math end up owning less of their company’s equity than they thought they did. And when an equity round is inevitably priced, entrepreneurs don’t like the founder dilution numbers at all. But they can’t blame the VC, they can’t blame the angels, so that means they can only blame... oops!”

A transition to a post-money safe will eliminate that cap table math headache while still being simple and efficient. The trade-off, YC says, “is that each incremental dollar raised on post-money safes dilutes just the current stockholders, which is often the founders and early employees.” So it’s not perfect, but it’s an improvement.

Recent YC grad Deepak Chhugani, [the founder of The Lobby, which announced a \\$1.2 million investment this week](#), had a positive response to the changes and said either way, most of the resources provided by YC are priceless to a first-time founder, like himself.

“I think given rising costs in the Bay Area and most startup hubs, the new YC deal is going to be great for founders, regardless of whether they stay in the Bay Area afterward or not,” Chhugani told TechCrunch.

[YC grad The Lobby raises \\$1.2M to help job seekers break into Wall Street](#)

Topics: [Airbnb](#) [Instacart](#) [Michael Seibel](#) [sam altman](#)

Exhibit OO

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2.

The New Deal

by [Sam Altman](#) 4/22/2014

We have a new standard deal at YC—we'll invest \$120k for 7%. While we may deviate from this in exceptional cases, it will still be the case for almost all of the companies we fund.

This replaces our previous standard deal of on average \$17k for 7%, plus a safe that converted at the terms of the next money raised for another \$80k.

The investment will come in two chunks, which together will represent a flat 7% of the company. Although YC itself continues to have no LPs (and that way we have the flexibility to do things like fund non-profits), a portion of the investment is from a fund YC manages that does have LPs.

Most people don't do YC for the financial investment—they do it because they want the advice, the help of the network, the benefits of the program, etc. But still, more money for less equity is definitely better.

A bit of history—in 2011 Yuri Milner and SV Angel started offering \$150k to every startup we invested in on an uncapped convertible note. This went through a number of iterations in terms of structure and partners, and eventually we renamed it YCVC. Among other changes, we reduced it to \$80k on top of our \$17k—the \$150k extra was enough to cause real problems for the companies around founder breakups, for example. Also, the partners making the investment have changed over time, and for the last batch were Andreessen Horowitz, General Catalyst, Maverick Capital, and Khosla Ventures.

\$97k was about right at the time, but the cost of living in the Bay Area has gone up substantially. So we're increasing the total to \$120k, which we hope is enough for the founders to run their business and pay their living expenses for at least 6 months, and sometimes longer.

This also marks the end of the automatic investments from the four firms mentioned above. As YC has become a larger and larger part of the startup ecosystem, we had to deal with things like signaling risk (e.g. a YCVC investor not making a follow on investment in a company caused some other investors to think the company may not be good) and information issues. All of these issues were issues of perception—the YCVC investors are great

firms that always behaved really well, and we're going to continue to work with them very closely. But we hate complication, and we hate anything that causes issues for our startups, even if it's just an issue of perception. This should help level the playing field.

Speaking of hating complexity, we've tried to make the new structure really simple. The convertible notes and safes we used got complicated in terms of how they got priced, and complexity often causes unintended consequences. It was hard for founders to actually predict how much total dilution they were looking at.

Our new investment structure should be very simple—\$120k for 7% equity (regardless of the number of founders). We hope that it will help the companies we fund.

For non-profits, I'm delighted to announce that Teespring has agreed to give each non-profit we fund \$50k. This will be on top of \$50k from us for \$100k total. Thanks, Evan and Walker!

Finally, it's sometimes hard to compare offers from different accelerators. Just to be clear, we don't charge any fees to the companies to be part of YC. We understand the complex reasons around LPs and tax issues that cause some accelerators to charge a fee to the companies they invest in, and while we don't think it's bad behavior, obviously companies should deduct those fees from the investment when they're thinking about those offers. We also try hard to avoid any "gotcha" terms like low caps in certain situations, weird anti-dilution terms, etc.

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March 16, 2023 by [Y Combinator](#)

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November 20, 2017, 9:13 PM

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November 2017

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Exhibit QQ

Without startup funding the vast majority of startups will die. The amount of money needed to take a startup to profitability is usually well beyond the ability of founders and their friends and family to finance. A startup here means a company that is built to grow fast [12](#). High growth companies almost always need to burn capital to sustain their growth prior to achieving profitability. A few startup companies do successfully bootstrap (self-fund) themselves, but they are the exception. Of course, there are lots of great companies that aren't startups. Managing capital needs for such companies is not covered herein.



What is Y Combinator?

We're an accelerator that funds startups — like Coinbase, Instacart, Reddit, Doordash — at their earliest stages. Starting a company? Even if it feels early, 40% of our companies joined with just an idea.

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Cash not only allows startups to live and grow, a war chest is also almost always a competitive advantage in all ways that matter: hiring key staff, public relations, marketing, and sales. Thus, most startups will almost certainly want to raise money. The good news is that there are lots of investors hoping to give the right startup money. The bad news is, “Fundraising is brutal” [1](#). The process of raising that money is often long, arduous, complex, and ego deflating. Nevertheless, it is a path almost all companies and founders must walk, but when is the time right to raise?

When to Raise Money

Investors write checks when the idea they hear is compelling, when they are persuaded that the team of founders can realize its vision, and that the opportunity described is real and sufficiently large. When founders are ready to tell this story, they can raise money. And usually when you can raise money, you should.

For some founders it is enough to have a story and a reputation. However, for most it will require an idea, a product, and some amount of customer adoption, a.k.a. traction. Luckily, the software development ecosystem today is such that a sophisticated web or mobile product can be built and

delivered in a remarkably short period of time at very low cost. Even hardware can be rapidly prototyped and tested.

But investors also need persuading. Usually a product they can see, use, or touch will not be enough. They will want to know that there is product market fit and that the product is experiencing actual growth.

Therefore, founders should raise money when they have figured out what the market opportunity is and who the customer is, and when they have delivered a product that matches their needs and is being adopted at an interestingly rapid rate. How rapid is interesting? This depends, but a rate of 10% per week for several weeks is impressive. And to raise money founders need to impress. For founders who can convince investors without these things, congratulations. For everyone else, work on your product and talk to your users.

How Much to Raise?

Ideally, you should raise as much money as you need to reach profitability, so that you'll never have to raise money again. If you succeed in this, not only will you find it easier to raise money in the future, you'll be able to survive without new funding if the funding environment gets tight. That said, certain kinds of startups will need a follow-on round, such as those building hardware. Their goal should be to raise as much money as needed to get to their next "fundable" milestone, which will usually be 12 to 18 months later.

In choosing how much to raise you are trading off several variables, including how much progress that amount of money will purchase, credibility with investors, and dilution. If you can manage to give up as little as 10% of your company in your seed round, that is wonderful, but most rounds will require up to 20% dilution and you should try to avoid more than 25%. In any event, the amount you are asking for must be tied to a believable plan. That plan will buy you the credibility necessary to persuade investors that their money will have a chance to grow. It is usually a good idea to create multiple plans assuming different amounts raised and to carefully articulate your belief that the company will be successful whether you raise the full or some lesser amount. The difference will be how fast you can grow.

One way to look at the optimal amount to raise in your first round is to decide how many months of operation you want to fund. A rule of thumb is that an engineer (the most common early employee for Silicon Valley startups) costs all-in about \$15k per month. So, if you would like to be funded for 18 months of operations with an average of five engineers, then you will need about $15k \times 5 \times 18 = \$1.35m$. What if you are planning to hire for other positions as well? Don't worry about it! This is just an estimate and will be accurate enough for whatever mix you hire. And here you have a great answer to the question: "How much are you raising?" Simply answer that you are raising for N months (usually 12-18) and will thus need \$X, where X will usually be between \$500k and \$1.5 million. As noted above, you should give multiple versions of N and a range for X, giving different possible growth scenarios based on how much you successfully raise.

There is enormous variation in the amount of money raised by companies. Here we are concerned with early raises, which usually range from a few hundreds of thousands of dollars up to two million dollars. Most first rounds seem to cluster around six hundred thousand dollars, but largely thanks to increased interest from investors in seed, these rounds have been increasing in size over the last several years.

Financing Options

Startup founders must understand the basic concepts behind venture financing. It would be nice if this was all very simple and could be explained in a single paragraph. Unfortunately, as with most legal matters, that's not possible. Here is a very high level summary, but it is worth your time to read

more about the details and pros and cons of various types of financing and, importantly, the key terms of such deals that you need to be aware of, from preferences to option pools. The articles below are a decent start.

- [Venture Hacks / Babk Nivi: Should I Raise Debt or Equity](#)
- [Fred Wilson: Financing Options](#)
- [Mark Suster on Convertible Debt](#)
- [Announcing the Safe](#)

Venture financing usually takes place in “rounds,” which have traditionally had names and a specific order. First comes a seed round, then a Series A, then a Series B, then a Series C, and so on to acquisition or IPO. None of these rounds are required and, for example, sometimes companies will start with a Series A financing (almost always an “equity round” as defined below). Recall that we are focusing here exclusively on seed, that very first venture round.

Most seed rounds, at least in Silicon Valley, are now structured as either convertible debt or simple agreements for future equity (safes) [17](#). Some early rounds are still done with equity, but in Silicon Valley they are now the exception.

Convertible Debt

Convertible debt is a loan an investor makes to a company using an instrument called a convertible note. That loan will have a principal amount (the amount of the investment), an interest rate (usually a minimum rate of 2% or so), and a maturity date (when the principal and interest must be repaid). The intention of this note is that it converts to equity (thus, “convertible”) when the company does an equity financing. These notes will also usually have a “Cap” or “Target Valuation” and / or a discount. A Cap is the maximum effective valuation that the owner of the note will pay, regardless of the valuation of the round in which the note converts. The effect of the cap is that convertible note investors usually pay a lower price per share compared to other investors in the equity round. Similarly, a discount defines a lower effective valuation via a percentage off the round valuation. Investors see these as their seed “premium” and both of these terms are negotiable. Convertible debt may be called at maturity, at which time it must be repaid with earned interest, although investors are often willing to extend the maturity dates on notes.

Safe

Convertible debt has been almost completely replaced by the safe at YC and Imagine K12. A safe acts like convertible debt without the interest rate, maturity, and repayment requirement. The negotiable terms of a safe will almost always be simply the amount, the cap, and the discount, if any. There is a bit more complexity to any convertible security, and much of that is driven by what happens when conversion occurs. I strongly encourage you to read the safe primer [18](#), which is available on [YC’s site](#). The primer has several examples of what happens when a safe converts, which go a long way toward explaining how both convertible debt and safes work in practice.

Equity

An equity round means setting a valuation for your company (generally, the cap on the safes or notes is considered as a company's notional valuation, although notes and safes can also be uncapped) and thus a per-share price, and then issuing and selling new shares of the company to investors. This is always more complicated, expensive, and time consuming than a safe or convertible note and explains their popularity for early rounds. It is also why you will always want to hire a lawyer when planning to issue equity.

To understand what happens when new equity is issued, a simple example helps. Say you raise \$1,000,000 on a \$5,000,000 pre-money valuation. If you also have 10,000,000 shares outstanding then you are selling the shares at:

1. **\$5,000,000 / 10,000,000 = 50 cents per share**
and you will thus sell...
2. **2,000,000 shares**
resulting in a new share total of...
3. **10,000,000 + 2,000,000 = 12,000,000 shares**
and a post-money valuation of...
4. **\$0.50 * 12,000,000 = \$6,000,000**
and dilution of...
5. **2,000,000 / 12,000,000 = 16.7%**
Not 20%!

There are several important components of an equity round with which you must become familiar when your company does a priced round, including equity incentive plans (option pools), liquidation preferences, anti-dilution rights, protective provisions, and more. These components are all negotiable, but it is usually the case that if you have agreed upon a valuation with your investors (next section), then you are not too far apart, and there is a deal to be done. I won't say more about equity rounds, since they are so uncommon for seed rounds.

One final note: whatever form of financing you do, it is always best to use well-known financing documents like YC's safe. These documents are well understood by the investor community, and have been drafted to be fair, yet founder friendly.

Valuation: What is my company worth?

You are two hackers with an idea, a few months of hacking's worth of software, and several thousand users. What is your company worth? It should be obvious that no formula will give you an answer. There can only be the most notional sort of justification for any value at all. So, how do you set a value when talking to a potential investor? Why do some companies seem to be worth \$20mm and some \$4mm? Because investors were convinced that was what they were (or will be in the near future) worth. It is that simple. Therefore, it is best to let the market set your price and to find an investor to set the price or cap. The more investor interest your company generates, the higher your value will trend.

Still, it can be difficult in some circumstances to find an investor to tell you what you are worth. In this case you can choose a valuation, usually by looking at comparable companies who have valuations. Please remember that the important thing in choosing your valuation is not to over-

optimize. The objective is to find a valuation with which you are comfortable, that will allow you to raise the amount you need to achieve your goals with acceptable dilution, and that investors will find reasonable and attractive enough to write you a check. Seed valuations tend to range from \$2mm-\$10mm, but keep in mind that the goal is not to achieve the best valuation, nor does a high valuation increase your likelihood of success.

Investors: Angels & Venture Capitalists

The difference between an angel and a VC is that angels are amateurs and VCs are pros. VCs invest other people's money and angels invest their own on their own terms. Although some angels are quite rigorous and act very much like the pros, for the most part they are much more like hobbyists. Their decision making process is usually much faster--they can make the call all on their own--and there is almost always a much larger component of emotion that goes into that decision.

VCs will usually require more time, more meetings, and will have multiple partners involved in the final decision. And remember, VCs see LOTS of deals and invest in very few, so you will have to stand out from a crowd.

The ecosystem for seed (early) financing is far more complex now than it was even five years ago. There are many new VC firms, sometimes called "super-angels," or "micro-VC's", which explicitly target brand new, very early stage companies. There are also several traditional VCs that will invest in seed rounds. And there are a large number of independent angels who will invest anywhere from \$25k to \$100k or more in individual companies. New fundraising options have also arisen. For example, [Angellist Syndicates](#) lets angels pool their resources and follow a single lead angel. [FundersClub](#) invests selectively like a traditional VC, but lets angels become LPs in their VC funds to expand connections available to its founders.

How does one meet and encourage the interest of investors? If you are about to present at a demo day, you are going to meet lots of investors. There are few such opportunities to meet a concentrated and motivated group of seed investors. Besides a demo day, by far the best way to meet a venture capitalist or an angel is via a warm introduction. Angels will also often introduce interesting companies to their own networks. Otherwise, find someone in your network to make an introduction to an angel or VC. If you have no other options, do research on VCs and angels and send as many as you can a **brief**, but compelling summary of your business and opportunity (see [Documents You Need](#) below).

Crowdfunding

There are a growing number of new vehicles to raise money, such as [Angellist](#), [Kickstarter](#), and [Wefunder](#). These crowdfunding sites can be used to launch a product, run a pre-sales campaign, or find venture funding. In exceptional cases, founders have used these sites as their dominant fundraising source, or as clear evidence of demand. They usually are used to fill in rounds that are largely complete or, at times, to reanimate a round that is having difficulty getting off the ground. The ecosystem around investing is changing rapidly, but when and how to use these new sources of funds will usually be determined by your success raising through more traditional means.

Meeting Investors

If you are meeting investors at an investor day, remember that your goal is not to close--it is to get the next meeting. Investors will seldom choose to commit the first day they hear your pitch, regardless of how brilliant it is. So book lots of meetings. Keep in mind that the hardest part

is to get the first money in the company. In other words, meet as many investors as possible but focus on those most likely to close. Always optimize for getting money soonest (in other words, be greedy) [2](#).

There are a few simple rules to follow when preparing to meet with investors. First, make sure you know your audience--do research on what they like to invest in and try to figure out why. Second, simplify your pitch to the essential--why this is a great product (demos are almost a requirement nowadays), why you are precisely the right team to build it, and why together you should all dream about creating the next gigantic company. Next make sure you listen carefully to what the investor has to say. If you can get the investor to talk more than you, your probability of a deal skyrockets. In the same vein, do what you can to connect with the investor. This is one of the main reasons to do research. An investment in a company is a long term commitment and most investors see lots of deals. Unless they like you and feel connected to your outcome, they will most certainly not write a check.

Who you are and how well you tell your story are most important when trying to convince investors to write that check. Investors are looking for compelling founders who have a believable dream and as much evidence as possible documenting the reality of that dream. Find a style that works for you, and then work as hard as necessary to get the pitch perfect. Pitching is difficult and often unnatural for founders, especially technical founders who are more comfortable in front of a screen than a crowd. But anyone will improve with practice, and there is no substitute for an extraordinary amount of practice. Incidentally, this is true whether you are preparing for a demo day or an investor meeting.

During your meeting, try to strike a balance between confidence and humility. Never cross over into arrogance, avoid defensiveness, but also don't be a pushover. Be open to intelligent counterpoints, but stand up for what you believe and whether or not you persuade the investor just then, you'll have made a good impression and will probably get another shot.

Lastly, make sure you don't leave an investor meeting without an attempted close or at very minimum absolute clarity on next steps. Do not just walk out leaving things ambiguous.

Negotiating and Closing the Deal

A seed investment can usually be closed rapidly. As noted above, it is an advantage to use standard documents with consistent terms, such as YC's safe. Negotiation, and often there is none at all, can then proceed on one or two variables, such as the valuation/cap and possibly a discount.

Deals have momentum and there is no recipe towards building momentum behind your deal other than by telling a great story, persistence, and legwork. You may have to meet with dozens of investors before you get that close. But to get started you just need to convince [5](#) one of them. Once the first money is in, each subsequent close will get faster and easier [6](#).

Once an investor says that they are in, you are almost done. This is where you should rapidly close using a handshake protocol [19](#). If you fail at negotiating from this point on, it is probably your fault.

Negotiations

When you enter into a negotiation with a VC or an angel, remember that they are usually more experienced at it than you are, so it is almost always better not to try to negotiate in real-time. Take requests away with you, and get help from YC or Imagine K12 partners, advisors, or legal

counsel. But also remember that although certain requested terms can be egregious, the majority of things credible VCs and angels will ask for tend to be reasonable. Do not hesitate to ask them to explain precisely what they are asking for and why. If the negotiation is around valuation (or cap) there are, naturally, plenty of considerations, e.g. other deals you have already closed. However, it is important to remember that the valuation you choose at this early round will seldom matter to the success or failure of the company. Get the best deal you can get--but get the deal! Finally, once you get to yes, don't wait around. Get the investor's signature and cash as soon as possible. One reason safes are popular is because the closing mechanics are as simple as signing a document and then transferring funds. Once an investor has decided to invest, it should take no longer than a few minutes to exchange signed documents online (for example via [Clerky](#) or [Ironclad](#)) and execute a wire or send a check.

Documents You Need

Do not spend too much time developing diligence documents for a seed round. If an investor is asking for too much due diligence or financials, they are almost certainly someone to avoid. You will probably want an executive summary and a slide deck you can walk investors through and, potentially, leave behind so VCs can show to other partners.

The executive summary should be one or two pages (one is better) and should include vision, product, team (location, contact info), traction, market size, and minimum financials (revenue, if any, and fundraising prior and current).

Generally make sure the slide deck is a coherent leave-behind. Graphics, charts, screenshots are more powerful than lots of words. Consider it a framework around which you will hang a more detailed version of your story. There is no fixed format or order, but the following parts are usually present. Create the pitch that matches you, how you present, and how you want to represent your company. Also note that like the executive summary, there are lots of similar templates online if you don't like this one.

1. **Your company / Logo / Tag Line**
2. **Your Vision** - Your most expansive take on why your new company exists.
3. **The Problem** - What are you solving for the customer--where is their pain?
4. **The Customer** - Who are they and perhaps how will you reach them?
5. **The Solution** - What you have created and why now is the right time.
6. **The (huge) Market you are addressing** - Total Available Market (TAM) >\$1B if possible. Include the most persuasive evidence you have that this is real.
7. **Market Landscape** - including competition, macro trends, etc. Is there any insight you have that others do not?
8. **Current Traction** - list key stats / plans for scaling and future customer acquisition.
9. **Business model** - how users translate to revenue. Actuals, plans, hopes.

10. **Team** - who you are, where you come from and why you have what it takes to succeed. Pics and bios okay. Specify roles.

11. **Summary** - 3-5 key takeaways (market size, key product insight, traction)

12. **Fundraising** - Include what you have already raised and what you are planning to raise now. Any financial projections may go here as well. You can optionally include a summary product roadmap (6 quarters max) indicating what an investment buys.

Next

It is worth pointing out that startup investing is rapidly evolving and it is likely that certain elements of this guide will at some point become obsolete, so make sure to check for updates or future posts. There is now an extraordinary amount of information available on raising venture money. Several sources are referenced and more are listed at the end of this document.

Fundraising is a necessary, and sometimes painful task most startups must periodically endure. A founder's goal should always be to raise as quickly as possible and this guide will hopefully help founders successfully raise their first round of venture financing. Often that will seem like a nearly impossible task and when it is complete, it will feel as though you have climbed a very steep mountain. But you have been distracted by the brutality of fundraising and once you turn your attention back to the future you will realize it was only a small foothill on the real climb in front of you. It is time to get back to work building your company.

Many thanks to those whose knowledge or work have contributed to this document. Of course, any errors are all mine. Please send any comments or questions to [\(redacted\)](#).

Appendix

Fundraising Rules to Follow

- Get fundraising over as soon as possible, and get back to building your product and company, but also...
- Don't stop raising money too soon. If fundraising is difficult, keep fighting and stay alive.
- When raising, be "greedy": breadth-first search weighted by expected value [2](#). This means talk to as many people as you can, prioritizing the ones that are likely to close.
- Once someone says yes, don't delay. Get docs signed and the money in the bank as soon as possible.
- Always hustle for leads. If you are the hottest deal of the hour, that's great, but everyone else needs to work like crazy to get angels and other venture investors interested.
- Never screw anyone over. Hold yourself and others on your team to the highest ethical standards. The Valley is a very small place, and a bad reputation is difficult to repair. Play it straight and you will never regret it. You'll feel better for it, too.
- Investors have a lot of different ways to say no. The hardest thing for an entrepreneur is understanding when they are being turned down and being okay with it. PG likes to say, "If the soda is empty, stop making that awful sucking sound with the straw." But remember that they might be a "yes" another time, so part on the best possible terms.
- Develop a style that fits you and your company.
- Stay organized. Co-founders should split tasks where possible. If necessary, use software like Asana to keep track of deals.
- Have a thick skin but strike the right balance between confidence and humility. And never be arrogant.

What Not to Do While Communicating with Investors

DON'T:

- Be dishonest in any way
- Be arrogant or unfriendly
- Be overly aggressive
- Seem indecisive - although it is okay to say you don't know yet.
- Talk so much they cannot get a word in edgewise
- Be slow to follow-up or close a deal
- Break an agreement, verbal or written
- Create detailed financials
- Use ridiculous / silly market size numbers without clear justification
- Claim you know something that you don't or be afraid to say you don't know
- Spend time on the obvious
- ~~Get caught up in unimportant minutiae - don't let the meeting get away from you~~
- Ask for an NDA
- Try to play investors off each other when you are not a fundraising ninja
- Try to negotiate in real-time
- Over-optimize your valuation or worry too much about dilution
- Take a "No" personally

A Brief Glossary of Key Terms

The term you are looking for is not here? Disagree with the definition? Go to [Investopedia](https://www.investopedia.com/) for a more authoritative source.

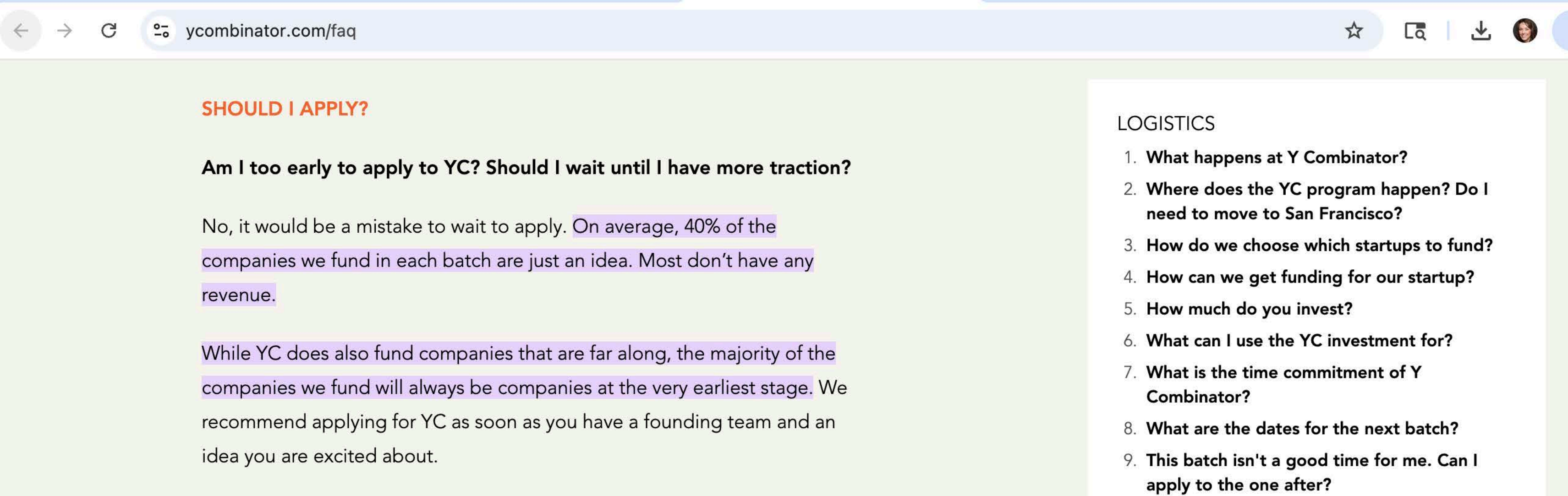
- **Angel Investor** - A (usually) wealthy private investor in startup companies.
- **Cap / Target Valuation** - The maximum effective valuation for an investor in a convertible note.
- **Convertible Note** - This is a debt instrument that will convert into stock; usually preferred stock but sometimes common stock.
- **Common Stock** - Capital stock typically issued to founders and employees, having the fewest, or no, rights, privileges and preferences.
- **Dilution** - The percentage an ownership share is decreased via the issuance of new shares.
- **Discount** - A percentage discount from the pre-money valuation to give safe or note holders an effectively lower price.
- **Equity Round** - A financing round in which the investor purchases equity (stock) in the company.
- **Fully Diluted Shares** - The total number of issued and outstanding shares of capital stock in the company, including outstanding warrants, option grants and other convertible securities.
- **IPO** - Initial Public Offering - the first sale of stock by a private company to the public.
- **Lead Investor** - Usually the first and largest investor in a round who brings others into the round.
- **Liquidation Preference** - A legal provision in a company's charter that allows stockholders with preferred stock to get their money out of a company before the holders of common stock in the event of an exit.

- **Maturity Date** - The date at which a promissory note becomes due (or at which it will automatically convert to stock in the case of a convertible note)
- **Equity Incentive Plan / Option Pool** - The shares allocated and set aside for grants to employees and consultants.
- **Preferred Stock** - Capital stock issued in a company that have specific rights, privileges and preferences compared to the common stock. Convertible into common stock, either automatically (e.g., in an IPO) or at the option of the preferred stockholder (e.g., an acquisition).
- **Pre-money Valuation** - The value of a company prior to when investor money is added.
- **Pro-rata rights (aka pre-emptive rights)** - Contractual rights that allow the holder to maintain their percentage ownership in subsequent financing rounds.
- **Protective Provisions** - Provisions in a company's charter that give exclusive voting rights to holders of preferred stock. For example, the approval of these stockholders, voting separately from other stockholders, may be required for an acquisition.
- **Safe** - Simple Agreement for Future Equity - Y Combinator's replacement for convertible debt.
- **TAM** - Total Available Market. In pitches, this is the estimated total revenue available for the product(s) you are selling.
- **Venture Capitalist** - A professional investor in companies, investing limited partners' funds.

Sources

1. [A Fundraising Survival Guide](#), **Paul Graham**
Techniques for surviving and succeeding at fundraising
2. [How To Raise Money](#), **Paul Graham**
Detailed thoughts on fundraising. A must read.
3. [The Equity Equation](#), **Paul Graham**
How to decide if you should accept an offer from an investor
4. [The Future of Startup Funding](#), **Paul Graham**
How startup funding is evolving
5. [How to Convince Investors](#), **Paul Graham**
How to convince investors to invest in you
6. [Investor Herd Dynamics](#), **Paul Graham**
How investors think about investing in early stage companies
7. [“Venture Deals”](#), **Feld and Mendelson**
Essential elements of a venture deal (book)
8. [Raising Money for a Startup](#), **Sal Khan**
Startup Fundraising from Sal Khan

Exhibit RR



SHOULD I APPLY?

Am I too early to apply to YC? Should I wait until I have more traction?

No, it would be a mistake to wait to apply. On average, 40% of the companies we fund in each batch are just an idea. Most don't have any revenue.

While YC does also fund companies that are far along, the majority of the companies we fund will always be companies at the very earliest stage. We recommend applying for YC as soon as you have a founding team and an idea you are excited about.

LOGISTICS

1. **What happens at Y Combinator?**
2. **Where does the YC program happen? Do I need to move to San Francisco?**
3. **How do we choose which startups to fund?**
4. **How can we get funding for our startup?**
5. **How much do you invest?**
6. **What can I use the YC investment for?**
7. **What is the time commitment of Y Combinator?**
8. **What are the dates for the next batch?**
9. **This batch isn't a good time for me. Can I apply to the one after?**