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OPINION PIECE

04

YOU CAN SEE NOTHING: THERANOS WAS NOT A ONE-OFF

A decade after Theranos, investors are still funding numbers no one has checked.

By **Lily Shao**

The views expressed are the author's own and do not necessarily represent those of Verified Metrics.

You can see nothing: Theranos was not a one-off

A24's Elizabeth Holmes documentary, *You Can See Everything*, opened to about $15m in October and had taken about $64m in its first three weekends, to November 1. Audiences are paying to rewatch a story that once raised $700m with no evidence behind it.

Theranos claimed its device could run a full range of blood tests from a finger prick. On that claim it reached a $9bn valuation without publishing peer-reviewed data or letting outside labs test the technology, while in reality, the device could run only a handful of tests. The collapse began in 2015, when a Wall Street Journal investigation exposed the shortcomings. In 2016, Theranos voided two years of results from its device, Walgreens ended their partnership, and regulators banned Holmes from running a lab for two years. Holmes was charged with fraud in 2018 and convicted in 2022.

Theranos: funding and key dates

- **2003** Holmes, 19, leaves Stanford to found Theranos
- **2004** Seed round: **$0.5m**
- **2005** Series A: **$5.8m**
- **2006** Series B and C: **$9.1m** and **$28.5m**
- **2010** Raises **$45m**, valued at about $1bn
- **2013** Walgreens partnership; **$50m** from Walgreens
- **2014** Raises **$199m**, valued at about $9bn
- **2015** Raises **$349m**; WSJ investigation + exposé
- **2016** Results voided; Walgreens exits; Holmes banned from running a lab
- **2017** **$100m** debt; first peer-reviewed paper

Sources: SEC (2018); Stanford Daily (2019); Retraction Watch (2018); Associated Press (Oct 18, 2026); Seat42f (Nov 1, 2026); Boston Globe (Jan 2022); Fortune (Jul 2016); Al Jazeera / Reuters (Jan 4, 2022); Crunchbase News (Sep 14, 2021); MD+DI (Sep 1, 2021). See sources



Has anything changed since Theranos?

The public downfall of Theranos should have made investors more careful and diligent, but the pattern continues. Outcome Health raised $487.5m in 2017 from investors including Goldman Sachs and Alphabet on revenue that was materially overstated, covered up with faked proof and inflated engagement figures; its founders were convicted of fraud in 2023. Kalder raised about $7m from more than a dozen VCs in 2024 on an inflated second set of books and a forged customer contract, and its founder was sentenced to 25 months for fraud this year. iLearningEngines listed at $1.4bn in April 2024, and its former CEO and CFO were indicted this year for allegedly inventing almost all of its revenue. The legal consequences always come later, but the investors' money is still gone. Each one of these claims could have been checked: one prospective investor in iLearningEngines looked for a supposed $50m-a-year customer, found no trace of it, and smartly walked away.

Big-name backers did not catch the numbers

Outcome Health
2017

BACKED BY
Goldman Sachs, Alphabet, Pritzker

CLAIMED
Ads delivered in full; revenue as reported

REAL
Revenue overstated; proof of delivery faked

CEO sentenced to 7.5 years

Kalder
2024

BACKED BY
More than a dozen VCs ($7m seed)

CLAIMED
$1.2m ARR; 26 brands using it

REAL
Inflated second set of books; fabricated contracts

Founder sentenced to 25 months, 2026

iLearningEngines
2024

BACKED BY
Public and institutional investors (SPAC listing)

CLAIMED
$421m revenue in 2023

REAL
90%+ of it allegedly fabricated

Ex-CEO and CFO indicted, 2026

Sources: US Attorney, SDNY (Oct 2026); FDIC OIG (Jul 2024); Bloomberg via Accounting Today (Jul 2024); CFO Dive (Apr 2026); Reuters (Apr 2026). See sources

If a company will not show you the numbers, it has already told you everything you need to know

That investor was the exception. In today's market, funds see less and less of the companies behind their marks while facing more scrutiny, and opacity is just what fraud needs. More money is chasing a smaller number of 'hot' deals, so now the pressure is simply to get in, not to check. As Lyft's CEO David Risher put it, "No one wants to be left behind". Companies are able to raise on little more than a deck and a headline number, which is the gap Outcome Health, Kalder and iLearningEngines slipped through. On top of that, in a market where stretched numbers are the new normal, a fabricated one is hard to spot. Private equity rarely closes a deal without a quality of earnings report, in which a third party matches revenue to cash and contracts and checks through the numbers. Each case on the previous page would have struggled to pass one, but venture still has nothing like that.

Ultimately, diligence rarely fails because the truth was expertly hidden. It fails because checking felt slow, awkward or unnecessary when everyone else was already in. A famous co-investor, a fast-closing round or a high headline valuation is not sufficient evidence. Venture needs its own quality of earnings standard, but until it has one, set your own.

A simple check could have caught each case

An outside lab test	→	**Theranos**
Checking the ads actually ran	→	**Outcome Health**
Checking the accountant's books	→	**Kalder**
Looking up a named customer	→	**iLearningEngines** One prospective investor did, and walked away

> **The checks were not hard; the pressure to skip them was.**

Pairings are our judgment; the iLearningEngines check is reported by CFO Dive (Apr 2026); Risher quote: CNBC (Nov 14, 2025). See sources

Sources (continued)

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PIECE 04 (CONTINUED)

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