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The Heiresses and the Cult

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The Heiresses and the Cult

To family friends, Sagram heiresses Sara and Clare Bronfman are victims of a frightening, secretive "cult" called NXIVM, which has swallowed as much as \$150 million of their fortune. But the organization's leader, Keith Raniere, seems also to have tapped into a complex emotional rift between the sisters and their father, billionaire philanthropist Edgar Bronfman Sr. SUZANNA ANDREWS investigates the accusations that are now flying—blackmail, perjury, forgery—in a many-sided legal war.

SISTER ACT
Sara (left) and Clare Bronfman (right) at the Palace Theatre in Albany, New York, in May 2009, after an appearance by the Dalai Lama. Inset: above, NXIVM founder Keith Raniere; left, Edgar Bronfman Sr.

The Heiresses and the Cult

Sara (left) and Clare Bronfman onstage at the Palace Theatre in Albany, New York, in May 2009, after an appearance by the Dalai Lama. Insets: above, nxivm founder Keith Raniere; left, Edgar Bronfman Sr.

BY SUZANNA ANDREWS

This spring, Clare Bronfman, the 31-year-old heiress to the multi-billion-dollar Seagram liquor fortune, would describe to a New York court the extortion letter that was sent to her on April 24, 2009. Intended for her 33-year-old sister, Sara, as well, it was signed by several women, including the sisters' financial planner, a masseuse, and a hairstylist, and demanded that "they be paid \$2.1 million by midnight," Clare said in a sworn declaration, "or else they would go to the press with information they deemed harmful to my sister and I." What that information was, the letter didn't say, but Clare viewed the threat as alarming. The daughters of the billionaire philanthropist and former Seagram chairman, Edgar Bronfman Sr., and the half-sisters of Edgar junior, the chairman of Warner Music Group, Sara and Clare were not simply heiresses to a global empire built by their grandfather Samuel Bronfman. As they would describe themselves, they were also important, wealthy entrepreneurs and philanthropists in their own right—women who bankrolled a web of investments and humanitarian foundations based in the Albany region, where they lived. Indeed, as Clare would tell a court this spring, the extortion demand arrived when she and Sara "were two weeks away from hosting the Dalai Lama in Albany for an event on humanitarian issues."

The alleged threat would have been disturbing if it occurred. But among the many allegations that have been made about Sara and Clare Bronfman in recent months was the charge that Clare was lying about the "extortion" letter. Made in hundreds of pages of court documents that began to leak out to the press this spring, they have stunned friends of the Bronfman family. Many knew that Edgar Bronfman's daughters were involved in a secretive organization called nxivm (pronounced "nexium"), a group that he himself had openly referred to as "a cult." But only a few were aware of what the court documents would reveal—the massive gutting by the Bronfman daughters of their family trust funds to help finance nxivm and the alleged investment schemes of its leader, a 50-year-old man by the name of Keith Raniere. The amount—reportedly \$100 million—was staggering and made for eye-popping headlines. But according to legal filings and public documents, in the last six years as much as \$150 million was taken out of the Bronfmans' trusts and bank accounts, including \$66 million allegedly used to cover Raniere's failed bets in the commodities market, \$30 million to buy real estate in Los Angeles and around Albany, \$11 million for a 22-seat, two-engine Canadair CL-600 jet, and millions more to support a barrage of lawsuits across the country against nxivm's enemies. Much of it was spent, according to court filings, as Sara and Clare Bronfman allegedly worked to conceal the extent of their spending from their 81-year-old father and the Bronfman-family trustees.



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But Edgar Bronfman knew at least some of what was going on, according to those who have spoken to him. And he was deeply concerned, says one ex-nxivm member who met with him last year. “He wanted to know how his girls were. He was worried about them,” this person says. “He saw them, but only the façade.” They were distant and secretive. “I was afraid,” this person says, “to tell him what was really happening.” Like many former members of nxivm, this person was afraid of the consequences of speaking out. But in the last few months, people have begun to come forward with stories about nxivm. Stories about private detectives allegedly obtaining bank and phone records of nxivm opponents; stories of its critics being followed and threatened and, in one case, reportedly run off the road by a black limousine; accounts of a motherless three-year-old boy, brought into the group as a newborn under mysterious circumstances, and about the circumstances behind the Dalai Lama’s visit to Albany. Suddenly darker questions were being raised about how the Bronfmans’ money was being used. Indeed, today, in the multiple lawsuits involving the Bronfman sisters, there are serious allegations being lobbed—not just of possible blackmail and perjury but also of other “potentially illegal” activities, including theft and “a conspiracy to forge documents.”

What seems clear, from court documents and interviews with ex-nxivm members—and those who have come into conflict with the group and its mysterious guru—is that Sara and Clare Bronfman could be in serious trouble. And yet, despite his wealth and power, their father, at least publicly, appears to be doing nothing to help. According to some family friends and advisers, however, there may be nothing he can do, in part because, some say, he may have been the one who set all this in motion. Sara and Clare, says a friend of theirs, “are not completely brainwashed.… They’re more cognizant than you’d think, given the amount of money involved. I think there are personal reasons regarding the conflict they have with their family that keep them affiliated with nxivm. On some level, I think they feel the affiliation is reinforcing their version of things, in opposition to the opinion of their family. I think all the legal, litigious craziness is all about them trying to win this battle with their father.”

Bronfman Gold Dust

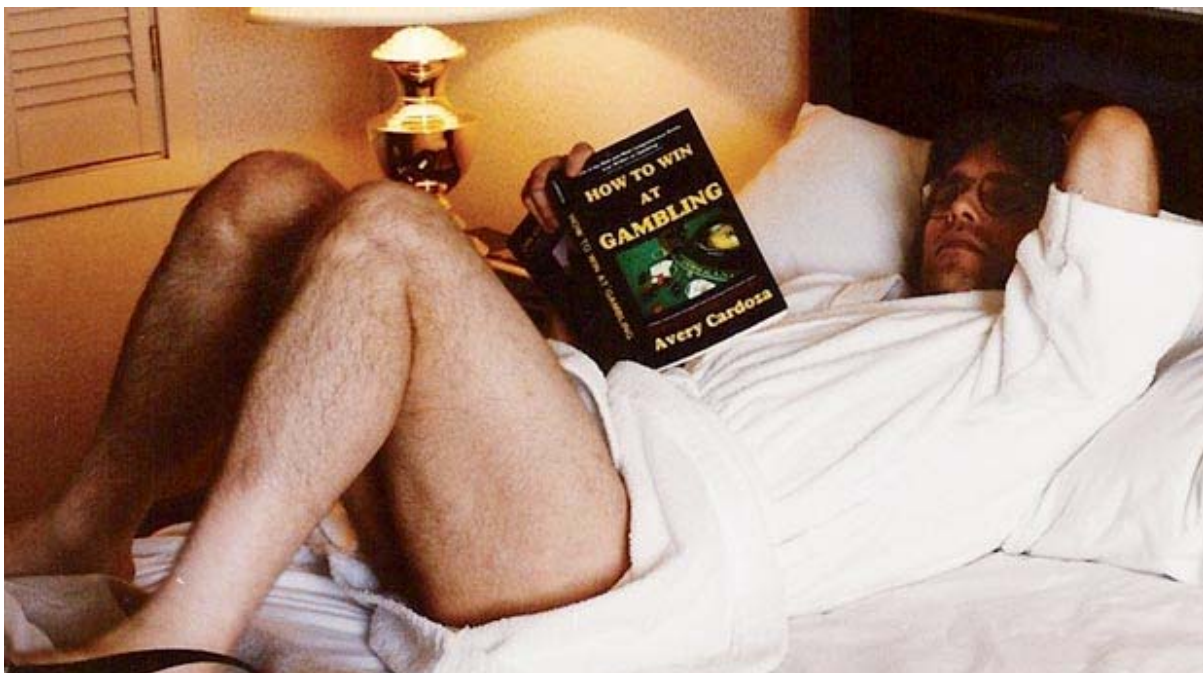
Of the two sisters, Sara is the more outgoing, which comes across in photographs. In one taken just after the Dalai Lama’s Albany speech, in May 2009, Sara is beaming. Wearing sandals, an ankle-length blue dress, and a silky white scarf around her neck, her curly brown hair hanging loose down her back, she is walking outside Albany’s Palace Theatre next to Pamela Cafritz. A longtime acolyte of Ranieri’s and the daughter of the Washington socialites Bill and Buffy Cafritz, Pamela is wearing a suit and heels. On her left is Clare. She has a worried, almost dour expression. Wearing an ill-fitting knee-length burgundy dress, she is barefoot. Both Bronfmans resemble their father far more than their 60-year-old mother, Georgiana.

Born Rita Webb, she was a great beauty, the daughter of a pub owner in Essex, England, who changed

her name to Georgiana shortly before she became Edgar Bronfman's third wife, in 1975. Edgar and his first wife, the investment-banking heiress Ann Loeb, had divorced two years earlier. They'd been married for 20 years and had five children together—Samuel, Edgar junior, Holly, Matthew, and Adam—who were in their teens and 20s when Sara and Clare were born. Edgar senior's father had died only months before his separation from Ann, and in his 1998 memoir, *Good Spirits*, he would say that for much of the next 15 years he “rode an emotional roller coaster, struggling with difficult relationships and painful separations.” In 1973, after his divorce from Ann, he married Lady Carolyn Townshend, but soon had the marriage annulled, on the grounds that she refused to sleep with him.

His marriage to Sara and Clare's mother ended when Sara was around seven and Clare only four. In a decision he would later call “really naïve,” Bronfman remarried Georgiana—“to keep my young girls with me,” he wrote—but the relationship soon collapsed again. For the rest of their childhood, the girls would visit their father, who owned estates outside Charlottesville, Virginia, and in Westchester County, a home in Sun Valley, and an apartment on Fifth Avenue. But their lives would be centered in England and in Kenya, where their mother, who was reportedly involved with the noted paleontologist Richard Leakey—and who is currently married to actor Nigel Havers—spent much of her time.

But even when Sara and Clare were with their father, says a friend, there was a sense of separation. “They were the last two of seven children, and there was a significant age gap, and they really weren't always under the umbrella of the Bronfman family,” the friend says. “It's noticeable, when you're with them, that they were not always sitting at the exalted Bronfman table.” They hadn't grown up in New York society, like their siblings, or gone to top schools. They weren't sprinkled with the Bronfman gold dust, and, in a family noted for its sense of entitlement, this set them apart. But they did have the Bronfman name and the Bronfman money.



Raniere (in bed reading *How to Win at Gambling*).

Saving the World, Saving the Universe

Sara was the first to join nxivm. In the fall of 2002, when the group was still known as Executive Success Programs, she took one of its “intensives”—workshops that today last anywhere from 5 to 16 days and cost about \$7,500. The introductory courses were essentially life-coaching, self-improvement workshops, based on an amalgam of therapeutic techniques, including hypnosis and Neuro-linguistic Programming, or NLP, a controversial behavior-modification regimen. These techniques had been repackaged—along with a moral twist, that by becoming fully empowered one could help create a more ethical world—into something called Rational Inquiry by Keith Raniere, who had founded Executive Success Programs in 1998 with Nancy Salzman, an NLP trainer.

Born in Brooklyn in 1960, Raniere was the only child of an advertising executive and a former ballroom-dance teacher. When he was eight, according to his father, James, his parents divorced and he was raised by his mother, Vera, in the suburbs. Educated in private schools, Raniere would claim that in 1989 he was in the Guinness Book of World Records for “Highest IQ.” He also claimed to have taught himself high-school math in 19 hours when he was 12 and to have completed three years of college math and computer-language classes by the age of 13. He graduated from Rensselaer Polytechnic Institute, in Troy, New York, in 1982, having majored in physics, math, and biology, and later worked as a computer programmer and consultant. In 1990, he founded Consumers’ Buyline, a multi-level marketing company, and then co-founded Executive Success Programs.

By 2002, what most people saw in ESP was a successful corporate self-help program. Many of its “graduates” reported amazing results: some had stopped smoking; others had overcome their fear of public speaking. Its alumni include Sheila Johnson, a co-founder of Black Entertainment Television; Antonia Novello, the former U.S. surgeon general; Richard Branson; and Emiliano Salinas, a venture capitalist, who is the son of Mexico’s former president Carlos Salinas and still a prominent nxivm member.

Sara was introduced to nxivm by a family friend. She was 25, charming, and sweet, but “an airhead,” as one acquaintance puts it, a party girl who flitted from European city to European city, island to island. Her four-month marriage, to an Irish jockey named Ronan Clarke, was already in trouble. She had done some work at N.Y.U., but not much else with her life, except to run a skydiving business in the Caribbean. As Sara would later explain on her blog, she was “in search of finding ways to bring peace to the world.” According to the family friend, who put it more prosaically, she was desperately looking for some purpose in her life. And she found it at nxivm. “She was enamored right away,” recalls one former nxivm “trainer.” Sara urged Clare, then 23, to take an intensive. At the time, Clare was passionately committed to her equestrian career—she was a competitive jumper, trained horses, and owned her own company, Slate River Farm—which might explain why she was a tougher sell. According to a former nxivm member, at her first workshop, in Mexico, Clare refused to look people in the eye. She showed up in a dirty T-shirt. “She had a defiant air about her. She was more angry than Sara—angry at the world,”

this woman recalls. “She would tell people that she had decided to spend the rest of her life with horses, because she didn’t like human beings.”

Father Knows Best

In the early part of 2003 Edgar Bronfman took his first intensive. A former nxivm devotee recalls that it was because “he saw amazing changes” in his daughters. But others believe it may have also been because Raniere had his sights set on the billionaire almost from the day that Sara showed up for her first workshop. During their initial sessions, both sisters gave one trainer the impression that they had a “terrible” relationship with their father. “I remember them saying that he was the kind of man that could always buy anything—anything or anyone,” says this person. “And they didn’t want that control anymore.” But at the time, another person says, all that people knew was Raniere had urged them to reach out to their father. And Bronfman, apparently eager to improve his relationship with his youngest children, signed up for one of the five-day “V.I.P.” courses, which were designed to pull in the rich and famous. The intimate, \$10,000 white-glove workshops were then taught by nxivm’s president, Nancy Salzman, who, along with Edgar Bronfman Sr., Sara, Clare, Raniere, and other nxivm representatives, would not comment for this story.

“If everyone were to go through this training, the world would be a much better and safer place to live,” Bronfman purportedly wrote in a testimonial to nxivm shortly after he completed the course. During the workshops, he said, “we learned to look deep into our psyches, to get rid of hang-ups that had plagued us for years.” He was so impressed by nxivm’s program that he began private therapy sessions with Nancy Salzman. For months, according to Barbara Bouchey, a former nxivm board member, he would send his helicopter to pick Salzman up in New York and fly her to his estate in Virginia. But something went awry. People believe it was when Clare, in a snit, after a nxivm session in which she felt ignored, told her father that nxivm had borrowed \$2 million from her. Furious, Bronfman soon cut his ties with nxivm.

But it didn’t end there. In October 2003, Keith Raniere was on the cover of *Forbes* magazine. The article was devastating—a gold mine of previously unpublished information, it painted a dark portrait of nxivm and portrayed Raniere as a strange and “manipulative” man, who had no driver’s license and no bank accounts in his name, although nxivm appeared to be raking in millions. It revealed that in 1993 his great business achievement, Consumers’ Buyline, had been shut down after being investigated by regulators in 20 states and sued by New York’s attorney general on the grounds it was “a pyramid scheme.” nxivm’s bizarre rituals were detailed—the “ESP handclap,” the bowing, Raniere’s insistence that he be referred to as “Vanguard” and Salzman as “Prefect.” There was also the “baffling and solipsistic jargon,” some of it derived from Raniere’s intense devotion to the works of Ayn Rand—and from “his notion of unalloyed self-interest as the path to ethical behavior.” “Parasites” were people who created problems because they craved attention, and “suppressives” were those who saw good but wanted to destroy it, which included anyone who opposed Raniere and nxivm. Most alarming were the accounts of near-psychotic breakdowns among some who had gone through the nxivm program, accounts that described what appeared to be classic brainwashing techniques, in which people were separated from their families and

slowly broken down psychologically.

People at nxivm were stunned. Expecting a positive story, the top ranks had spoken to Forbes, including Raniere, Salzman, and Sara Bronfman. What upset them above all were Edgar Bronfman's remarks. "I think it's a cult," he told the magazine, going on to say that he was troubled about the "emotional and financial" investment in nxivm by his daughters, to whom he hadn't spoken in months. Sara and Clare were shocked. Their father had given them no warning, people say. "I don't think he addressed this with them, and they were deeply hurt by that," says a friend, adding that especially for Sara, who had been made to look slightly ridiculous in the article—caressing her yellow nxivm sash and gushing that it was "the first thing that I had earned on just my merits"—"this resonated as a betrayal." Within nxivm, word went out that Edgar Bronfman had encouraged the article, perhaps even feeding Forbes information "because he wanted to destroy nxivm." If this was true, it backfired. "That," says one woman, "was when Edgar Bronfman became nxivm's enemy."

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It was shortly after the article appeared that Toni Natalie called Edgar Bronfman to warn him. She knew from personal experience how dangerous it could be to cross Keith Raniere. She had been his girlfriend for eight years, his business partner in a health-food shop, and she was around when Salzman and Raniere had set up ESP. Natalie says that after she left Raniere, in 1999, a nearly decade-long nightmare began. Although Salzman would deny allegations of harassment, according to court documents Natalie's home was broken into; police were sent to her mother's house; her family was threatened. When her business with Raniere collapsed, saddled with debts that had been put in her name, she filed for bankruptcy. What should have been a quick process dragged out for nine years as Raniere, backed by Salzman and Kristin Keffe—another top Raniere lieutenant, who today often represents Sara and Clare in court—filed motion after motion against Natalie, in a process a judge would say "smacks of a jilted fellow's attempt at revenge." During those years, Natalie would learn that nxivm had hired the controversial Israeli-born private investigator Juval Aviv to monitor her home and look into her private life and business activities. Several times, she says, she was visited by F.B.I. agents, most recently this past February.

Today, Toni Natalie describes this phase of her life as "terrifying." During her years with Raniere she was so broken psychologically that, according to court filings, she gave up the care of her child because Raniere had encouraged her to. With his long brown hair and penetrating blue eyes, Raniere, she says, was "very charismatic. I mean, he could tell you the sun is purple with pink polka dots and you'd look up and see it." He was truly brilliant, she says, but in the way "that

brilliance is the closest thing to insanity,” recalling how he had insisted she keep the body of her dead puppy in her garage freezer and look at it daily in order to better deal with death. What drove him, she isn’t sure. He didn’t say much about his past, except that his mother had a heart condition, was an alcoholic, “and that he always had to take care of her.” He said he hated dance “because his mother would make him dance with her.” “I think she drank more than she should have, but I don’t think she had a drinking problem,” says Raniere’s father, James. At least, he says, “I never saw it,” although he wonders if it was what Keith saw, “from living with her alone.” If Keith’s childhood was troubled at all, says his father, it was only because his mother “was dying for three years, little by little.” She died when he was 18, right around Christmas.

When Natalie was with him, Raniere lived in a house in Halfmoon, a town north of Albany, which he shared with Pam Cafritz and Karen Unterreiner, a college girlfriend. He still lives there, in a neighborhood people refer to as the “compound,” because so many nxivm members, most of them women, live in the surrounding houses. He doesn’t drive and can be seen, usually at night, walking along the tree-lined streets of Halfmoon—as much as 12 miles a day—rarely alone, often surrounded by women. People describe Raniere as fascinated by mathematics and the workings of the mind, and by power and money and their effect on society—but, above all, as obsessive about maintaining control over his world and the people around him. There are those who believe that, in the words of one, it’s also “a game for him, to see what he can make people do.” These days Keith Raniere is rarely seen at nxivm training sessions, which some former members say can get very dark. In 2003, Kristin Snyder, a 35-year-old environmental consultant, disappeared after a nxivm session in Alaska. Her body was never found, but in her truck, parked on the shore of Resurrection Bay, was a note which read, “I was brainwashed and my emotional center of the brain was killed/turned off.… Please contact my parents … if you find me or this note. I am sorry … I didn’t know I was already dead.” Today, people describe nxivm therapy sessions in which they were convinced that they are “reincarnated Nazis” or “responsible for 9/11.” Looking back on her experience, Natalie says, “Keith finds your vulnerabilities and then he preys on them.”

Hello, Dalai

When Toni Natalie called Edgar Bronfman, after reading the *Forbes* article in the fall of 2003, he took her call immediately. “I told him, ‘Mr. Bronfman, you need to get your girls out of there. It’s a cult. Raniere’s bad. If you don’t get them out, in a few years he’s going to burn through all their money. He’s going to be sleeping with both of them.’ And he said, ‘No. No. Not my girls. No. They won’t do that.’”

According to Barbara Bouchey, it was Keith Raniere who, in late 2003, suggested that Sara and Clare become clients of her asset-management firm. At the time, Bouchey was not only a member of nxivm’s board but also one of Raniere’s girlfriends. Looking back now, she says she did not see this as a conflict of interest—or how easy it would be to make her the “scapegoat” for what happened next. As she described herself in a 2009 deposition, she was just “a check-writing disbursement girl.” Her firm kept Sara’s and Clare’s books and paid their bills. Any payments made from their trust or bank accounts had

to be approved by the Bronfmans.

It started with relatively small amounts—a \$2 million loan in 2004 to Joseph O’Hara, an Albany businessman and attorney, who worked as an adviser to nxivm. But the amounts quickly grew. That August, at Vanguard Week, a lengthy celebration of Raniere’s birthday, held every summer, Sara and Clare stood onstage and presented Raniere with a giant cardboard check for \$20 million, a donation to the Ethical Foundation—a nonprofit controlled by nxivm through O’Hara—to finance Raniere’s scientific research. It was the first time the sisters had tapped their trusts in a big way and was a pledge, insiders say, to eventually turn over to the foundation the principal of two charitable trusts. By the end of 2004 they had bought the jet. In early 2005, they began covering Raniere’s losses in the commodities market. According to Bouchey, Raniere believed that he had come up with a mathematical formula that would enable him to make a killing. He’d already lost nearly \$7 million on his commodities bets several years before. But, according to a declaration by Yuri Plyam, Raniere’s Los Angeles–based commodities broker, with the Bronfmans on board he began to trade “with the same extreme pattern” except that the trading positions were much bigger.

As Raniere’s losses soared, he would tell people that Sara and Clare’s father was responsible. According to Bouchey, he said that Edgar Bronfman “had figured out a plot with the commodities clearing firm” to steal Raniere’s money. From January 2005 to late 2007, according to court filings, Raniere, trading through First Principles, a company registered in Nancy Salzman’s name, would lose close to \$70 million—and the Bronfmans would cover \$65.6 million of it. Between them, they would also spend close to \$1 million to buy and refurbish Salzman’s house in Halfmoon; Clare would pay \$2.3 million for a 234-acre horse farm outside Albany that nxivm would use; and Sara would buy a \$6.5 million apartment in the Trump International Hotel & Tower in Manhattan that Salzman would use. They would also “lend” about \$1.7 million to buy nxivm’s headquarters.

By late 2007, they had also sunk \$26.4 million into a Los Angeles real-estate project. Structured as a joint venture with Plyam and his wife, Natasha, it was set up through a company called Precision Development. The deal, to build houses and condominiums in the wealthier neighborhoods of Los Angeles, had, according to Bouchey and Plyam, been Raniere’s idea, although his name would appear on none of the documents. Neither, initially, would the Bronfmans’. According to a declaration by Plyam, Raniere told him Sara and Clare’s involvement had to be kept secret, because they were trying to hide the Precision Development investment from their father.

And there was good reason. Bouchey claims they were so financially stretched by Raniere’s commodities losses and Precision Development that they were forced to ask their father for a loan from a trust they would inherit only upon his death. It may have been difficult for him to refuse because insiders and public financing statements suggest that the trusts for the Bronfman children had provisions which allowed them to borrow money against the assets of what was in effect their father’s master trust. Bouchey helped the sisters borrow \$60 million from the trust, but when they failed to repay a large chunk of it, their father was not the only one who was concerned. According to Bouchey, the trustees

“were very anxious to have that money go back into the trust.” By the summer of 2007, however, chafing over the trustees’ control and desperate for more money, Sara and Clare were working to change the trustees overseeing their portion of the master trust, which they told people, according to Plyam, would give them access to more money—indeed, another \$200 million.

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At some point, Bronfman was reportedly considering taking legal action to have his daughters declared incompetent in an effort to protect their assets and pry them away from nxivm. But one insider says, “I don’t think the family wants the stigma of that attached to the girls,” adding, “They’re very sweet and young and very naïve.”

Which is not how many people within nxivm saw Sara and Clare. While there is sympathy for the psychological pressures they may have endured, there is still a lot of ire toward them. “They were made important in the organization based on what they brought to the organization—money and the Bronfman name,” says one woman. And they used their money, she says, “to buy their way to the top.” It started with Sara, who some insiders claim was promoted “before she’d earned it.” She was put on nxivm’s board and given the title of minister of humanities, which meant that Sara was responsible for organizing all of the group’s events—a job for which she had few qualifications, former insiders say. “She didn’t know how to run a business, because she never has,” says one former member. Which is not to say she did nothing—she helped launch nxivm centers in New York City and Belfast, and it was partly through her connections that nxivm was able to arrange a V.I.P. session with Richard Branson on his private Caribbean island. But when she was put in charge of nxivm’s head trainers, it created an uproar in the ranks. She played favorites, one woman says, cutting people out of important commissions. Her spaciness, some began to believe, was “partially an act, a way of evading responsibility.” If Raniere gained control over people through their vulnerabilities, his influence over Sara, one person says, “was that he made her important in her own mind.”

People say the same was true with Clare, to even more damaging effect. Perhaps more competent than her sister, she was also considered cutting and “mean.” She “treats people like servants,” says one former trainer. “You’d hear Clare say, ‘It’s not worth the value you’re giving,’” says this person. “‘You didn’t work that hard.’ People began to say, ‘How would she know anyway? She’s never worked for anything.’” Yet even nxivm members were awed by her passion and talent for horse jumping and were disturbed when she abandoned the sport. Her doubts appear to have set in shortly after she joined nxivm. “I always wanted to win because I thought I would be more loved by my father and respected more by my peers,” she wrote on her Web site, House of Equus, in late 2005. “When I won the Grand Prix in 2002, for a

moment it felt glorious, until I then questioned if I could do it again, what if next week I do not win? Will I still be loved, respected? It was horrible, the joy of winning slipped away.” By 2004, she was in the running for the U.S. Olympic trials, an achievement she credited to her work with Raniere—who then, says one former insider, told her that she had far more important things to do with her wealth and her power as a Bronfman. She would eventually sell most of her horses, put her \$7 million New Hope, Pennsylvania, estate—with its state-of-the-art equestrian facilities—on the market, and throw herself into the running and financing of a slew of Raniere-inspired projects and foundations.

In early 2008, it was Clare, of the two sisters, who would take the leading role in going after Yuri and Natasha Plyam. According to the lawsuit, filed in Los Angeles Superior Court, the Plyams had diverted for their personal use part of the \$26 million the Bronfmans had given them to develop real estate in Los Angeles. The Plyams would counter that, short of money because of Raniere’s commodities losses, Raniere, Salzman, and the Bronfmans had devised a plan to seize control of their jointly held company, Precision Development. It was Clare who would make most of the accusations in court filings—in her statement, Sara seemed almost comically unaware of the details of how \$13 million of her money had been spent. According to e-mails and documents filed with the court, it was also Clare who firmed up the sisters’ agreement to pay \$1 million to a man named Frank Parlato Jr., who showed up at the Plyams’ Wilshire Boulevard office looking “thug-like,” dressed in black and wearing a fedora. Allegedly claiming to represent Edgar Bronfman, he said that the billionaire was furious and convinced that the Plyams “were in cahoots with Raniere to fleece” his daughters and that he was ready to take action against them if Yuri Plyam didn’t sign documents that gave control of the real-estate company to Sara and Clare. Although a nxivm member who was at the meeting confirmed hearing Parlato say he worked for Edgar Bronfman, Parlato has denied misrepresenting himself, saying that everything he did was proper. Plyam signed the papers.

Edgar Bronfman would deny that Frank Parlato represented him, but that wasn’t until this March, when the allegations were published in a jaw-dropping story in the *New York Post*. By then, however, Sara and Clare were already knee-deep in trouble.

On the surface, all seemed well when they joined their family in Sun Valley in June 2009 to celebrate their father’s 80th birthday. The entire clan was there, and—from an emotional tribute to her father that Clare would write on her blog—it looked as though a sort of peace had come between Bronfman and his daughters. Some believe that by this time Bronfman had given up battling his daughters’ involvement with nxivm for fear of creating another rift. And Sara and Clare had just pulled off what appeared to be a huge success. They had worked hard for more than a year to organize the Dalai Lama’s visit to Albany. And, on May 6, several weeks before Bronfman’s birthday party, when the Dalai Lama spoke at Albany’s Palace Theatre, Sara and Clare were seated on the stage with him.

For the Bronfmans, this was a big moment, but the event would trigger the first swell of public anger at the sisters. When the visit was announced, there had been an outcry in the Albany press that the Dalai Lama would associate himself with the “cult-like” nxivm. Both Skidmore College and Raniere’s alma

mater, Rensselaer Polytechnic, declined to host the event. E-mails of complaint were sent to the Dalai Lama. For the first time, the Bronfmans' ties to nxivm were major headline material. In early April, the Dalai Lama canceled his visit. What happened next is something of a mystery. People believe that Sara and Clare flew to Dharamsala, India, to plead with him. And, if so, it's possible they were just extremely persuasive—because His Holiness changed his mind. But the Dalai Lama Trust, registered in New York State just two days before the Dalai Lama's appearance in Albany, raised eyebrows. Calls to the trust were not returned. The Bronfman money, it was said, might still be able to buy a lot of things, but not respect.

Trust for Life

The “extortion” letter that Clare would claim she received two weeks before the Dalai Lama's visit was, in fact, according to a copy in the court record, not addressed to her—but to Keith Raniere and Nancy Salzman. Signed by nine senior members of nxivm, announcing their resignation from the group, the letter included an itemized bill and a demand that nxivm pay them \$2.1 million they believed it owed them. It was the first mass defection from nxivm, and in the letter they cited their “concerns about the inconsistencies ... in how the company operated” as well as “evidence of secrecy, nondisclosure and lack of transparency.” Clare and Sara's financial manager, Barbara Bouchey, was among those who resigned. The sisters would fire her within a week.

In the next 18 months, with the help of an army of high-priced attorneys, nxivm and the Bronfmans would flood the courts with motions and subpoenas in virtually every major nxivm-related lawsuit: the seven-year crusade against the cult deprogrammer Rick Ross; the five-year legal battle against its former consultant Joe O'Hara for an array of alleged misdeeds, including fraud; the litigation against Yuri and Natasha Plyam; and the Bronfmans' suit against Barbara Bouchey—first filed in February—alleging that she conspired not only with her psychic but also with the Plyams' attorney and numerous unnamed people to harm the Bronfmans by releasing their private financial information.

At the center of this multi-million-dollar, multi-front legal war are 17 banker's boxes filled with that information—e-mails, ledgers, and other documents that chronicle the Bronfmans' financial dealings. They are copies of the records kept by Barbara Bouchey. The originals were given to the Bronfmans' lawyers soon after she was fired. But Bouchey first had them copied on the advice of a lawyer—racing to the copy store with friends in a van and an S.U.V. filled with documents as Sara Bronfman and her attorney headed to Bouchey's office to get the boxes. Bouchey had them copied, according to her court statements, not only because she was required by financial regulations to keep duplicates but also because she believed that the Bronfmans were planning to “set me up,” and having access to the documents would be the only way she would be able to defend herself.

Bouchey will not say exactly what is in those boxes that the Bronfmans have fought so hard to retrieve, but it is clear that she believes the setup has already begun. Sitting in the living room of her \$1 million house—for sale now, because the legal battle with the Bronfmans has forced her into bankruptcy—she

silently hands me a sheet of paper. It is one of several court documents in which Sara and Clare suggest that Bouchey was responsible for their financial losses. It alleges that she “controlled \$100 million in assets”—in other words, a good part of what they spent on nxivm’s projects. It also alleges that Bouchey put them into the \$26 million real-estate deal with the Plyams and “helped manage it.” Sara and Clare Bronfman appear to be claiming that they are not responsible for what many would consider to be the squandering of their fortune. They were victims—of an unscrupulous financial manager, among the many other people who took advantage of them.

But there are those who believe that the contents of the 17 boxes could prove something very different. In a court filing, Bouchey’s bankruptcy lawyer has said that the boxes “apparently” contain “information that show the Bronfmans engaged in a conspiracy to forge documents,” although he has not been more specific. Former nxivm insiders hope that the boxes will answer a welter of questions about the finances and tax-related issues regarding the vast array of trusts and corporations set up in the names of various group members. In recent letters to the New York State attorney general, Joe O’Hara, nxivm’s former consultant, alleged that nxivm has been involved in a “variety of illegal activities,” including “tax evasion,” “money laundering,” and “immigration violations,” although he did not provide any supporting evidence. He also alleged that two Bronfman foundations misused tax-exempt funds, spending them on non-charitable purposes, including “the purchase of an expensive piano for Mr. Raniere/Vanguard.” Citing checks made out to a woman who cleaned and ran errands for nxivm members, he also alleged that the Bronfmans’ foundations had used funds to pay for the care of Gaelen, the three-year-old boy who has been living in the Halfmoon “compound.” His identity is a mystery. The oft-repeated story is that he was “given” as a weeks-old infant to Barbara Jeske, one of Raniere’s longtime followers, by his grandfather, after the baby’s mother died—either in childbirth or in a car accident. He may have been born in Michigan—where sources say Jeske went to get Gaelen—but even that cannot be corroborated. Today Gaelen lives with Kristin Keffe, the Bronfmans’ and nxivm’s “legal adviser.” Raised as Raniere’s “heir” and according to Raniere’s child-rearing theories, he is reportedly fed a raw diet, kept away from other children, and tended to by five nannies who each speak to him in a different language—including Russian, Spanish, Hindi, and Chinese. Former nxivm insiders have been so concerned about the child they have phoned child protective services, but to no avail. Bouchey, however, has said that she believes Gaelen is well-cared for, dismissing concerns about his welfare. “I observed Gaelen being happy and outgoing,” she told the *Albany Times Union*. As to the boxes, she has said in a court filing that they could contain evidence of “questionable, and, in some cases, potentially illegal,” activities. But so far, forbidden by the court from speaking about the Bronfmans’ financial dealings, she has offered no supporting evidence.

Whatever is in those boxes remains to be seen, and the battle could rage for a long time—given that it is being financed with the Bronfmans’ fortune, which is not likely to run out anytime soon. There have been some rough patches. By the beginning of 2009, apparently under pressure from their enormous legal bills—estimated by insiders at more than \$1 million a month—the sisters had sold their private jet. But later that year, having already replaced the trustees on their father’s master trust once, they again named a new trustee, believed to be their attorney

Robert Crockett, who spearheaded their lawsuits against the Plyams and Barbara Bouchey. These days, some speculate that Sara is tiring of nxivm, noting that she has spent time traveling again, including to the World Cup in South Africa. Clare, however, seems more committed than ever. She not only has joined nxivm's executive board but also has become, people say, one of Ranieri's top acolytes. The mystery for many today is what the Bronfman sisters were thinking. "Did they know how much of their money was going down the toilet? Did they buy the story it was their dad's fault?" asks one former nxivm student. But whether or not they fully understood, or cared, what their money was being used for doesn't really matter, people say, because it does not in the end absolve them of responsibility for the waste of so much money. No one doubts that Sara and Clare genuinely set out to do good when they joined nxivm. But one can only imagine the great good they could have done with \$100 million if they hadn't appeared to need Keith Ranieri and nxivm to make them feel important.

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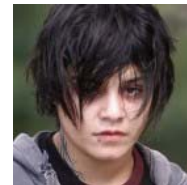
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