SUPREME COURT OF THE STATE OF NEW YORK
KINGS COUNTY

ISABELLA MARTINEZ and GABRIELLA LEAL, Individually and on behalf of others persons similarly situated, Plaintiffs, -against- SARA BRONFMAN-IGTET, Defendant.	Index No.: Plaintiffs designate the County of Kings as the place of trial. This venue is based on *lex loci actus.* **SUMMONS**

TO THE ABOVE NAMED DEFENDANT:

You are hereby summoned to serve upon Plaintiffs' attorney an answer to the Complaint in this action within 30 days after service of this summons. In case of your failure to answer, judgment will be taken against you by default for the relief demanded in the complaint.

Dated: September 4, 2018
Brooklyn, NY

/s/ Omar W. Rosales
Omar W. Rosales, Esq.

NY Reg. No. 5513619
THE ROSALES LAW FIRM, LLC
PO BOX 6429
AUSTIN, TX
78762-6429
(512) 520-4919 TEL
(512) 309-5360 FAX
www.owrosales.com
omar@owrosales.com

Attorney for Plaintiffs and Putative Class

TO: SARA BRONFMAN-IGTET

7 Taymor Trail	455 New Karner Rd
Clifton Park, NY	Albany, NY
12065	12205

SUPREME COURT OF THE STATE OF NEW YORK
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ISABELLA MARTINEZ and GABRIELLA LEAL, Individually and on behalf of others persons similarly situated, Plaintiffs, -against- SARA BRONFMAN-IGTET, Defendant.	Index No.: CLASS ACTION COMPLAINT

Plaintiffs Isabella Martinez and Gabriella Leal ("Plaintiffs"), by and through their attorney, bring this action on behalf of themselves and all others similarly situated, against Sara Bronfman-Igtet ("Defendant" or "Defendant Bronfman-Igtet"). Plaintiffs allege the following based upon information and belief, the investigation of counsel, and personal knowledge as to the allegations pertaining to them.

PRELIMINARY STATEMENT

1. This action is brought pursuant to New York General Business Law §349 (GBL §349) to recover class fees and tuition paid by the named Plaintiffs and all similarly situated persons who paid for Executive Success Program (ESP) and NXIVM classes sold as "Intensives" by the Defendant and her cohorts.

2. Defendant ensnared Plaintiffs and thousands of other student-victims in a fraudulent scheme nationwide to sell seminars and mentorships ("Intensives") under the name of "Executive Success Programs" or "ESP". Defendant uniformly misled Plaintiffs and the Class that they would participate in classes that were equivalent to a "practical

MBA" to achieve success in business and in life. Part of the fraud committed to induce the purchase from ESP, was the claim that the program was developed by the "one of the World's Smartest Men" – Keith Raniere.

3. The misleading nature of the enterprise is embodied by its very name. That is because, though Defendant promised an "Executive Success Program", none of the developers were executives or successful. Moreover, there was no consistent program or syllabus. Rather the classes were designed (and known by the Defendant) to be another Multi-Level Marketing scheme to defraud students out of millions of dollars with classes that had no end, no graduation, no certification, and no credential. Moreover, the student-victims' tuition was used to fund a criminal enterprise run by Defendant and her indicted co-conspirators.

4. Defendant set out to leverage false claims about her co-founder and partner, Keith Raniere (who proclaimed himself as "Vanguard"), to sell classes that promised to give students the keys to success in business and life. Defendant also developed and distributed marketing materials claiming that her associate Keith Raniere: 1) was one of the World's Smartest Men; 2) began talking in complete sentences by age one; 3) was an East Coast Judo Champion at age twelve; 4) tied the New York State record for the 100-yard dash in High School; and 5) had a very rare problem-solving ability that allowed him to create a curriculum to assist others with their business projects.

5. In promotional materials, Defendant repeated these claims. Defendant Bronfman-Igtet also personally paid for celebrity appearances and jet travel to induce student-victims to attend ESP classes and sign up for more ESP classes. Specifically,

Defendant paid for the marketing event and trip to Albany, New York by the His Holiness the 14th Dalai Lama in April 2009, in order to give ESP and NXIVM credibility and legitimacy.

Defendant Sara Bronfman-Igtet (left) and her sister Clare Bronfman at the 2009 Dalai Lama visit to Albany, NY. Defendant organized the visit to recruit more victims. Clare Bronfman has been indicted for Racketeering Conspiracy and Conspiracy to Commit Identity Theft for her role in ESP in 1:18-CR-204, *USA v. Raniere* in EDNY.

Defendant Sara Bronfman-Igtet (second from right) at the 2009 Dalai Lama visit in Albany, NY. Event was designed to recruit more ESP Victims.

6. What the Defendant did not disclose, is that her co-founder Mr. Raniere had previously been sued by the New York State Attorney General's Office for operating an illegal Multi-Level Marketing (MLM) business called "Consumers Buyline." Mr. Raniere paid a fine and agreed in writing with the State of New York not to operate another MLM business in state. *See* **Exhibit 1**, *People of the State of New York v. Keith Raniere*, No. 0193035859. (Date entered: Aug 1996).

7. However, the Executive Success Program developed by Defendant is simply another incarnation of the MLM scheme previously deemed illegal by the State of New York. In October 2017, the Defendant's house of cards began to collapse with an investigative article in the New York Times that shed light on the physical abuse, torture, sex slavery, and human trafficking committed by the senior leaders of ESP and NXIVM using funds improperly obtained from Plaintiffs.

8. Indeed, all of the senior leaders and board members of Defendant's Executive Success Program have been indicted and arrested by the U.S. Attorney's Office and FBI, in the Eastern District of New York, on the following charges:

Name	Criminal Case No.	Court	Charges
Keith Raniere	1:18-CR-204	EDNY	Sex Trafficking of Children, Racketeering Conspiracy, Conspiracy to Commit Sex Trafficking of Children, Forced Labor Conspiracy, Human Trafficking, Wire Fraud Conspiracy, Sex Trafficking, Conspiracy to Commit Identity Theft
Nancy Salzman	1:18-CR-204	EDNY	Racketeering Conspiracy
Clare Bronfman	1:18-CR-204	EDNY	Racketeering Conspiracy, Conspiracy to Commit Identity

			Theft
Kathy Russell	1:18-CR-204	EDNY	Racketeering Conspiracy
Lauren Salzman	1:18-CR-204	EDNY	Racketeering Conspiracy, Forced Labor Conspiracy, Wire Fraud Conspiracy
Allison Mack	1:18-CR-204	EDNY	Sex Trafficking of Children, Racketeering Conspiracy, Conspiracy to Commit Sex Trafficking of Children, Forced Labor Conspiracy, Human Trafficking, Wire Fraud Conspiracy, Sex Trafficking,

9. Prior to his arrest, Keith Raniere (with the assistance of Defendant) sought shelter in Mexico in an effort to avoid criminal charges. Raniere changed his cellphone, began to use encrypted communication, and would not reveal his location. He was eventually arrested by Mexican Federal Police on March 26, 2018 and deported to the United States. Upon arrival in the United States, Raniere was arrested by FBI agents.

10. Raniere was charged by the United States Attorney's Office for felony crimes including Sex Trafficking of Children, Racketeering Conspiracy, Conspiracy to Commit Sex Trafficking of Children, Forced Labor Conspiracy, Human Trafficking, Wire Fraud Conspiracy, Sex Trafficking, and Conspiracy to Commit Identity Theft. It is believed that additional charges are pending against Mr. Raniere. Furthermore, since Raniere attempted to avoid arrest by hiding in Mexico, the Federal judge deemed him a flight risk and denied his bail.

11. After Keith Raniere's arrest, Mr. Raniere's criminal defense attorney and legal representative Marc Agnifilo voluntarily participated in an interview on Dateline NBC and announced on national television (broadcast on August 6, 2018), that Mr. Raniere's qualifications and resume were fabricated. Thus, the students who enrolled in

ESP and NXIVM courses did so under false pretenses.

Keith's Raniere's Attorney Marc Agnifilo voluntarily admits on Dateline NBC (to journalist Megyn Kelly) that Raniere's qualifications were Fabricated. Interview Broadcast on 8/6/2018.

Mr. Agnifilo also stated that in his view, many people lie about their resume and qualifications in order to make money, thus admitting the Defendant's fraud and scheme to defraud Plaintiffs and class members of their money.

12. Although she was asked to appear in Federal Court to help secure her sister (and indicted co-Conspirator) Clare Bronfman's $100 Million-dollar bail package, Defendant Sara Bronfman-Igtet refused to appear in New York. Instead, Defendant claimed she is nursing a young child and could not travel. Defendant then sent her Egyptian-born husband to post bond for Clare Bronfman.

However, her young children did not prevent the Defendant from traveling to Silver Bay, NY in Aug 2017 to coordinate and supervise Keith Raniere's week-long birthday celebration and the ESP event known as "Vanguard Week" or "V-Week".

Picture of Defendant Sara Bronfman-Igtet (right), with her Indicted Co-Conspirator Nancy Salzman at the V-Week Celebration in Silver Bay, NY in August 2017. Defendant traveled from France to supervise, coordinate, and attend this event, but later claimed she could not travel to post her sister's bond.

13. Several Attorneys General and the U.S. Department of Justice are continuing their prosecution of the senior leadership of the Executive Success Program. The New York State Office of Professional Medical Conduct is also prosecuting ESP senior leader Brandon Porter for his: 1) unsanctioned human fright experiments; 2) failure to report an outbreak of a possible foodborne illness at V-Week event in Silver

Bay, New York; and 3) failure to follow established medical protocols for human experimentation. *See In the Matter of Brandon Porter, M.D.*, New York State Department of Health, State Board for Professional Medical Conduct, (filed Apr 24, 2018).

14. Plaintiffs brings this class action on behalf of themselves and all other similarly-situated consumers who purchased Executive Success Program classes and intensives throughout the United States, asserting violations of the New York Enterprise Corruption Statute, NY Penal Code Art. 460; the New York General Business Law § 349; and the California Business and Professional Code Art. 1, § 17500.

15. Plaintiffs seek damages and equitable relief on behalf of themselves and the Class, including, but not limited to: treble their monetary damages or a $1,000 damage award per class member; restitution; injunctive relief; punitive damages; costs and expenses, including attorneys' and expert fees; interest; and any additional relief that this Court determines to be necessary or appropriate to provide complete relief to Plaintiffs and the Class.

JURISDICTION AND VENUE

16. This Court has original jurisdiction over the subject matter of this action pursuant to the laws of the State of New York including GBL §349 and the New York Enterprise Corruption Statute.

17. This Court has personal jurisdiction over the Defendant because she has significant minimum contacts with this State, and intentionally availed herself of the laws of the New York by transacting a substantial amount of business throughout the State and

this county, including but not limited to, the promotion, marketing, advertising, and sale of ESP programs throughout New York, and on the Internet to consumers located throughout the United States. In addition, Defendant lived in Albany, New York, during the time the ESP program was operational.

18. Venue is proper under New York law, because Defendant is subject to personal jurisdiction in New York State as alleged above, and Defendant has agents located in New York State, including her asset managers and trustees. Furthermore, the Defendant's co-conspirators and co-workers (including her sister Clare Bronfman) have been indicted and are under house arrest in the Eastern District of New York, Brooklyn Division. Furthermore, Defendant operates a center in Brooklyn and Brooklyn is the new headquarters of the ESP organization.

PARTIES

A. Named Plaintiffs

19. Plaintiff Isabella Martinez is a resident of the state of New York. Ms. Martinez learned about the Executive Success Program when she was told of the program by a friend. Plaintiff was given a marketing pitch developed by the Defendant. Plaintiff was told that: Keith Raniere was one of the world's smartest men, had a rare and unique problem-solving ability, spoke in complete sentences by age one, was an East Coast Judo Champion by age 12, and tied the State record for the 100-yard dash while in High School.

20. Based on Defendant's misrepresentations and material omissions, Plaintiff Martinez purchased the $2,400 five-day intensive, which she attended in San Francisco,

CA on November 18, 2016.

21. Plaintiff would not have paid for any of the ESP classes had she known the true nature of Keith Raniere's qualifications: specifically, that all of Raniere's purported qualifications were a lie.

22. Plaintiff Gabriella Leal is a resident of the state of New York. Ms. Leal learned about the Executive Success Program when she was told of the program by a friend. Plaintiff was given a marketing pitch developed by the Defendant. Plaintiff was told that: Keith Raniere was one of the world's smartest men, had a rare and unique problem-solving ability, spoke in complete sentences by age one, was an East Coast Judo Champion by age 12, and tied the State record for the 100-yard dash while in High School.

23. Based on Defendant's misrepresentations and material omissions, Plaintiff Leal purchased the $2,400 five-day intensive, which she attended in San Francisco, CA on November 18, 2016.

24. Plaintiff would not have paid for any of the ESP classes had she known the true nature of Keith Raniere's qualifications: specifically, that all of Raniere's purported qualifications were a lie.

B. Defendant

25. Sara Bronfman-Igtet resided in the State of New York during the commission of the financial crimes and fraud perpetrated by ESP and Keith Raniere. Shortly after the New York Times article and follow-on arrest of Raniere, Defendant fled the United States and placed her personal residence in Clifton Park, NY for sale.

Sara Bronfman-Igtet was a founder, board member, officer, director, managing member, principal, and/or controlling shareholder of ESP, NXIVM, and the associated shell companies. Indeed, to further the fraud, Defendant and her sister aided in the creation of over 100 shell companies to mask overseas profits from NXIVM's foreign operations (classes in Canada and Mexico), and to avoid United States and New York tax liabilities as alleged by the U.S. Attorney's Office and FBI. *See* **Exhibit 3**, pg. 6.

26. Defendant Bronfman-Igtet received revenues paid to ESP from Plaintiff and other Class Members through U.S. bank accounts and shell companies. Defendant used the proceeds to fund the criminal enterprise and Raneire's crime spree.

27. Defendant Bronfman-Igtet has conducted substantial business within the State of New York, including this county. Defendant Bronfman-Igtet has significant financial assets managed in this county. The current Federal criminal prosecution of Defendant's associates is occurring in Brooklyn, New York through the Southern District of New York.

28. Defendant Bronfman-Igtet approved, authorized, and either specifically and/or tacitly directed, ratified, and/or participated in the acts complained of herein engaged in by ESP, NXIVM, and its personnel. Defendant also bankrolled ESP activities with personal funds and proceeds from her various trust accounts.

CLASS ALLEGATIONS

A. The Scheme

29. Defendant Bronfman-Igtet and others, including but not limited to, Keith Raniere, Nancy Salzman, and Clare Bronfman, devised and executed a scheme to make

tens of millions of dollars by marketing ESP (Executive Success Program) as both: (1) a practical MBA; and (2) a learning institution with a faculty of qualified instructors and staff.

30. This scheme was fueled by an advertising campaign, selection of celebrities as spokespersons and recruiters for ESP (including Allison Mack and Kristin Kreuk), payment for celebrity appearances by the Dalai Lama, and the production and placement of main promotional videos on YouTube. Defendant organized and assisted in these means to recruit additional students into ESP, while masking the true nature of the organization. The YouTube videos stated that Keith Raniere (the developer of the ESP classes) was the one of the smartest men in the world, had a rare problem-solving ability, and was one of the world's leading ethicists and philosophers. And though Defendant knew these claims to be false, Defendant continued to use these bogus qualifications as a marketing hook.

31. Other methods and means that Defendant Bronfman-Igtet and others used to execute and perpetuate the scheme includes the following:

(a) Defendant Bronfman-Igtet reviewed and approved the ESP marketing materials before they were released, which featured Raniere's bogus qualifications and claimed that the program was a practical MBA.

(b) Defendant used her vast wealth and resources to pay for marketing and advertising of the ESP program.

(c) Defendant used her private jet to provide travel for celebrities who fronted the ESP organization.

(d) Defendant paid for real estate, property, buildings, utilities, and expenses so that ESP could provide classes to student-victims.

(e) Defendant sent promotional and sales materials to student-victims through email.

(f) Defendant established more than 100 shell corporations to hide profits and avoid Federal income tax and state sales tax on the ESP classes.

(g) Defendant developed the marketing scheme to upsell student-victims to take more courses beyond the initial five-day intensive by claiming that student-victims needed additional classes to become fully integrated.

(h) Defendant helped to create the "Stripe Path" with the promise that the student-victims who achieve the highest rank (by taking classes and recruiting others) would be successful in business and in life.

(i) Defendant claimed that she is an "education entrepreneur with 15 years of experience in the field of human potential" – even though Defendant lacks a teaching certificate, lacks a college degree, and lacks a basic High school diploma.

(j) Defendant enforced the uniform deceptive portrayal of ESP, NXIVM, and NXIVM University through policies and procedures, including Marketing Guidelines, lesson plans, scripts, flashcards, nonsense scenarios (such as: Is it ethical to kill one person to save 10,000 people?), PowerPoint presentations, videos, and scripts that instructors were required to use. For example, the Marketing Guidelines were designed to "ensure brand, tone, and message across all of ESP's marketing efforts." The "tone" required by those Marketing Guidelines was to upsell more classes, encourage student-victims to recruit other victims, and portray Keith Raniere as an ethicist who was the one of the world's smartest men with a rare problem-solving ability. Furthermore, to build brand legitimacy, ESP opened up a class center in Mexico and called it "NXIVM University" even though neither the classes, faculty, or school was ever accredited by any educational institution.

(k) Defendant sent scripts containing misrepresentations to instructors for use at the Intensives through interstate wires, such as the teaching scripts and recruiting scripts created by Defendant, Nancy Salzman, and Keith Raniere. The speaker was required to use the script, class materials, and videos produced by Defendant, Nancy Salzman, and Keith Raniere, and not make any changes without prior authorization.

B. The Truth

32. Defendant knew that these representations were false, that Keith Raniere and Nancy Salzman were actually con-artists who were running another illegal Multi-Level Marketing scam, and that Keith Raniere was not one of the world's smartest men, but was instead using his position within ESP to have sex with women and children. Defendant also created over 100 shell corporations to mask corporate profits and fund a lavish lifestyle filled with decadence, debauchery, and crime for Keith Raniere and her associates. *See* **Exhibit 3,** pg 6. In fact, when Nancy Salzman's home was searched on March 27, 2018, FBI agents found more than $500,000 in cash, rubles, and pesos that Ms. Salzman had hidden in shoeboxes. Ms. Salzman could not offer a suitable explanation for the source of this cash.

In addition, ESP was never accredited by any educational group and there was no end to the courses. Rather, the courses were designed by Defendant as another Multi-Level Marketing scam and racketeering initiative to lure students to take more classes and go further into debt. In other words, the Defendant promised an Executive Success Program, but delivered neither Executives nor Success, but instead a long running criminal enterprise to fleece and rip-off consumers.

1. No Executives

33. Though Defendant represented that ESP was led by the top leaders in industry, entertainment, athletics, and business, Defendant was aware that none of this was true. In fact, Defendant does not even have a High School degree, let alone a college diploma. None of the instructors or staff of ESP were ever licensed by the State of New York or certified by any teaching institutions in New York or California.

34. Furthermore, although Defendant claimed in marketing materials that Nancy Salzman and Keith Raniere were among the world's top ethicists, this claim was false. In fact, Salzman does not have a degree in ethics, philosophy, law, or English. Instead, Salzman is a nurse. Furthermore, despite claims that he was the one of the world's smartest men, it was revealed in 2018 by the FBI and U.S. Attorney's Office that Keith Raniere barely graduated from Rensselaer Polytechnic University with a 2.2 GPA, having failed math and science classes.

35. Though the entirety of Defendant's marketing and advertising campaigns were centered around claims about Salzman and Raniere's qualifications, none of these qualifications were true. In fact, the FBI and US Attorney's Office debunked all of Raniere's claims about himself through multiple indictments. *See* **Exhibit 2**. Moreover, Salzman and Raniere held <u>none</u> of the qualifications Defendant listed in marketing materials.

2. No Success

36. Although Defendant promised that student-victims would become successful in life, industry, business and love, none of that was true. The first level classes (known as "Intensives") were designed to upsell students to take more classes. As students paid for these classes, portions of the fees went to the Keith Raniere and the Defendant as part of the Multi-Level Marketing scam.

37. Moreover, there was no end to the program. There was no final course, final exam, final certification, or graduation. Rather, this insidious scheme was designed to make student-victims take more classes and more classes – with no end.

38. The true goal of ESP for the Defendant and her cohorts was to extract as much money from student-victims, as quickly as possible, to finance Raniere's criminal enterprise.

3. No Program

39. There was no method, order, or structure to the classes. Rather, student-victims were told they could achieve rank (called "sashes") by recruiting additional students and taking more classes. And there was no end to the courses.

40. The courses included such nonsense topics as "Human Pain". During the courses, student-victims were posed nonsense questions and bombarded with off-the-wall teachings including that rape was ethical and that fathers should have sex with their daughters.

41. The money that was obtained from student-victims was then routed through over 100 shell corporations created by the Defendant to avoid Federal and state

tax liabilities. Defendant and her associates would also claim that Keith Raniere was penniless and a pauper, and that had evolved beyond a material lifestyle. However, Defendant re-routed the funds taken from student-victims to support Raniere's lavish lifestyle that included $2,000 custom tailored-suits, Italian loafers, Villas in Puerto Vallarta, Private Jet Travel, 10-day long birthday celebrations held in resorts, drugs, and a harem of sex partners.

C. Governmental Investigations into ESP and NXIVM

42. Defendant's glass pyramid came crashing down on March 26, 2018, when her associate Keith Raniere was arrested by Mexican Federal Police in a gated, luxury, $10,000-a-week private villa in Puerto Vallarta. Raniere was immediately deported to the United States and was arrested by FBI agents.

43. The sealed indictment was revealed on March 26, 2018, charging Raniere with multiple felonies. A superseding indictment increased Raniere's charges to Sex Trafficking of Children, Racketeering Conspiracy, Conspiracy to Commit Sex Trafficking of Children, Forced Labor Conspiracy, Human Trafficking, Wire Fraud Conspiracy, Sex Trafficking, and Conspiracy to Commit Identity Theft. Moreover, the US Attorney's Office revealed that more charges were pending against Raniere and his cohorts.

44. The indictment against Raniere had been sealed because Raniere fled the United States after the New York Times published an article in September 2017 detailing the bizarre human branding, sexual slavery, and extortion plot by Raniere and the leadership of ESP. After fleeing the United States, Raniere began to use encrypted email,

burner phones, and other means to hide his location from authorities.

45. The indictments and charges against ESP leaders are listed below:

Name	Criminal Case No.	Court	Charges
Keith Raniere	1:18-CR-204	EDNY	Sex Trafficking of Children, Racketeering Conspiracy, Conspiracy to Commit Sex Trafficking of Children, Forced Labor Conspiracy, Human Trafficking, Wire Fraud Conspiracy, Sex Trafficking, Conspiracy to Commit Identity Theft
Nancy Salzman	1:18-CR-204	EDNY	Racketeering Conspiracy
Clare Bronfman	1:18-CR-204	EDNY	Racketeering Conspiracy, Conspiracy to Commit Identity Theft
Kathy Russell	1:18-CR-204	EDNY	Racketeering Conspiracy
Lauren Salzman	1:18-CR-204	EDNY	Racketeering Conspiracy, Forced Labor Conspiracy, Wire Fraud Conspiracy
Allison Mack	1:18-CR-204	EDNY	Sex Trafficking of Children, Racketeering Conspiracy, Conspiracy to Commit Sex Trafficking of Children, Forced Labor Conspiracy, Human Trafficking, Wire Fraud Conspiracy, Sex Trafficking,

46. Thus far, Defendant has refused to appear in the United States. Instead, Defendant remains in an undisclosed location and sent her Egyptian-born husband to conduct her business in the United States. Although it appears Defendant has fled the USA, she still has substantial assets in the United States including million-dollar homes, trusts, and commercial property. Moreover, Defendant has availed herself to the laws of the United States and the State of New York by helping to create several trusts to fund the legal defense of all ESP leaders.

RICO ALLEGATIONS

A. The Executive Success Program Enterprise

47. Executive Success Program, Inc., is a corporation conducting business in New York with its principal place of business and corporate headquarters first in Colonie, New York and now in Brooklyn, New York.

48. Executive Success Program has never been an accredited University or held a license to operate in of the State of New York as an educational institution. ESP does not offer any degrees, licenses, credits, or certifications.

49. ESP gave the majority of its classes in the State of New York.

50. At all times relevant hereto, ESP conducted substantial business throughout the State of New York, including marketing, advertising, and hosting live trainings called “intensives” in the State of New York.

51. At all times relevant hereto, ESP acted for and on behalf of Defendant Bronfman-Igtet in undertaking the acts and/or omissions alleged herein.

52. Executive Success Program is an “enterprise” within the meaning of New York Penal Code Article 460, through which Defendant conducted the pattern of racketeering activity described herein. Throughout its existence, the ESP enterprise engaged in, and its activities consisted of “a group of persons sharing a common purpose of engaging in criminal conduct, associated in an ascertainable structure distinct from a pattern of criminal activity, and with a continuity of existence, structure and criminal purpose beyond the scope of individual criminal incidents.”

53. In fact, the Defendant’s associates including Keith Raniere, Clare Bronfman, Nancy Salzman, Allison Mack, Lauren Salzman, and Kathy Russell are all

under Federal indictment for racketeering conspiracy in case no. 1:18-CR-204 in the Eastern District of New York.

54. Defendant Sara Bronfman-Igtet exercised substantial control over the affairs of the ESP enterprise, through among other methods and means, by the following:

(a) Providing the initial operating capital and holding an approximately 51% ownership stake;

(b) Creating and approving marketing and advertising materials, which featured her name and likeness;

(c) Recruiting celebrities such as the Dalai Lama, Allison Mack, and Kristin Kreuk, to appear on behalf of the enterprise and bring legitimacy to the enterprise;

(d) Providing her private jet for use by the enterprise;

(e) Selecting the names of shell companies to be used by the enterprise;

(f) Purchasing real estate for use by the enterprise;

(g) Hiring construction companies to build facilities for the enterprise;

(h) Regularly reviewing financial records of the enterprise;

(i) Negotiating and authorizing others to negotiate significant contracts, including employment contracts on behalf of the enterprise; and

(j) Organizing events on behalf of the enterprise including Raniere's week-long Birthday celebration (known as "V-Week") held in Silver Bay, New York.

55. Defendant Bronfman-Igtet was a knowing and willing participant in the scheme, and reaped revenues and/or profits therefrom. Approximately 16,000 student-victims went through the ESP course and each paid a minimum of $2,400 per training.

Thus, the enterprise was able to bring in at least $40-$80 Million dollars.

B. Pattern of Racketeering Activity

56. Defendant Bronfman-Igtet, who is a person associated-in-fact with the Executive Success Program Enterprise, knowingly, willfully, and unlawfully conducted or participated, directly or indirectly, in the affairs of the enterprise through a pattern of racketeering activity within the meaning of New York Enterprise Corruption Statute. The racketeering activity was made possible by the regular and repeated use of the facilities, services, distribution channels, and employees of the Executive Success Program Enterprise.

57. Defendant Bronfman-Igtet committed multiple "Racketeering Acts," as described below, including aiding and abetting such acts.

58. The Racketeering Acts were not isolated, but rather were related in that they had the same or similar purposes and results, participants, victims, and methods of commission. Further, the Racketeering Acts were continuous, occurring on a regular (daily) basis throughout a time period beginning in mid-2009 and, upon information and belief, continuing through at least 2018.

59. Defendant participated in the operation and management of the Executive Success Program Enterprise by directing its affairs, as described above.

60. In devising and executing the Scheme, Defendant Bronfman-Igtet and Executive Success Program personnel committed acts constituting offenses under New York Penal Code Article 460, in that she devised and knowingly carried out a material scheme or artifice to defraud or to obtain money by means of materially false or

fraudulent pretenses, representations, promises, or omissions of material facts. For the purpose of executing the Scheme, Defendant committed these Racketeering Acts, intentionally and knowingly, with the specific intent to advance the Illegal Scheme.

61. Defendant used thousands of mail, telephone, and interstate wire communications to create and perpetuate the Scheme through virtually uniform misrepresentations, concealments, and material omissions.

62. Defendant's fraudulent use of the mails and wires included the following items and communications sent by Defendant and ESP personnel, to Plaintiff and third parties via U.S. mail, commercial carrier, interstate wire, and/or other interstate electronic media:

(a) Throughout the relevant time period, including on or about the dates set forth below, Defendant and ESP personnel, caused to be delivered by mail or by a private or commercial interstate carrier, or received therefrom, according to the direction thereon, or at the place at which it is directed to be delivered by the person to whom it is addressed, the items described above, including those alleged below:

From	To	Date	Description
Jenn Kobelt jennkobelt@gmail.com	Isabella Martinez	9/15/2016	Marketing Email
Chris Pearson-Smith chris@nxian.net	Gabriella Leal	11/12/2016	Marketing Email

(b) Throughout the Class Period, including on or about the dates set forth below, Defendant and ESP personnel, for the purpose of executing the above-described Scheme caused to be transmitted in interstate commerce by means of wire communications, certain writings, signs, signals and sounds, including those alleged below:

From	To	Date	Description
Jenn Kobelt, ESP Representative jennkobelt@gmail.com	Isabella Martinez	10/18/2016	Credit Card Transaction
Jenn Kobelt, ESP Representative jennkobelt@gmail.com	Isabella Martinez	10/18/2016	Email confirmation
Jenn Kobelt, ESP Representative jennkobelt@gmail.com	Gabriella Leal	10/18/2016	Credit Card Transaction
Jenn Kobelt, ESP Representative jennkobelt@gmail.com	Gabriella Leal	10/18/2016	Email confirmation

The operation of ESP as a racketeering enterprise constitutes a fraud upon the student-victims, compensable under New York GBL §349 and the Cal. Bus. & Prof. Code § 17500.

CLASS ACTION ALLEGATIONS

63. Plaintiffs bring this class action on behalf of themselves individually and all others similarly situated, pursuant to New York GBL §349, Cal. Bus. & Prof. Code §17500, and Article 9 of the New York Civil Practice Law and Rules.

64. The proposed Class consists of all persons who purchased Intensives from the Executive Success Program throughout the United States from January 1, 2008 to the present. Excluded from the Class are ESP, its affiliates, employees, officers and directors,

persons or entities that distribute or sell ESP products or programs, the Judge(s) assigned to this case, and the attorneys of record in this case. Plaintiff reserves the right to amend the Class definition if discovery and further investigation reveal that the Class should be expanded or otherwise modified.

65. This action is properly brought as a class action because:

(a) The proposed Class is so numerous and geographically dispersed throughout the United States that the joinder of all Class Members is impracticable;

(b) The disposition of Plaintiffs and proposed Class Members' claims in a class action will provide substantial benefits to both the parties and the Court;

(c) The proposed Class is ascertainable and there is a well-defined community of interest in the questions of law or fact alleged herein since the rights of each proposed Class Member were infringed or violated in the same fashion;

(d) There are questions of law and fact common to the proposed Class which predominate over any questions that may affect particular Class Members. Such common questions of law and fact include but are not limited to:

(i) Whether Defendant violated New York Penal Code Article 460;

(ii) Whether Defendant engaged in a fraudulent scheme under New York GBL §349;

(iii) Whether Defendant violated California Business and Professions Code Art. 1, § 17500

(iv) Whether Plaintiff and Class Members have been harmed and the proper measure of relief;

(v) Whether Plaintiff and Class Members are entitled to an award of treble, punitive damages, attorneys' fees and expenses; and

(vi) Whether, Plaintiff and Class Members are entitled to equitable relief, and if so, the nature of such relief.

(e) Plaintiffs' claims are typical of the claims of the members of the proposed Class. Plaintiff and Class Members have been injured by the same wrongful practices of Defendant. Plaintiffs' claims arise from the same practices and conduct that give rise to the claims of all Class Members and are based on the same legal theories;

(f) Plaintiffs will fairly and adequately protect the interests of the Class in that they have no interests antagonistic to those of the other Class Members, and Plaintiffs have retained an attorney experienced in consumer class actions and complex litigation as counsel;

(g) A class action is superior to other available methods for the fair and efficient adjudication of this controversy for at least the following reasons:

(i) Given the size of individual Class Member's claims and the expense of litigating those claims, few, if any, Class Members could afford or would seek legal redress individually for the wrongs Defendant committed against them and absent Class Members have no substantial interest in individually controlling the prosecution of individual actions;

(ii) This action will promote an orderly and expeditious administration and adjudication of the proposed Class claims, economies of time, effort and resources will be fostered and uniformity of decisions will be insured;

(iii) Without a class action, Class Members will continue to suffer damages, and Defendant's violations of law will proceed without remedy while Defendant continues to reap and retain the proceeds of her wrongful conduct; and

(iv) Plaintiff knows of no difficulty that will be encountered in the management of this litigation which would preclude class certification.

66. Defendant and her agents had, or have access to, address information for the Class Members, which may be used for the purpose of providing notice of the class action.

67. Plaintiff seeks damages and equitable relief on behalf of the Class on grounds generally applicable to the entire proposed Class.

COUNT I

Violations of the New York Enterprise Corruption Statute, Racketeering Prohibited by New York Penal Code Article 460

68. Plaintiff re-alleges and incorporates by reference the above allegations contained in the paragraphs above as if fully set forth herein.

69. This claim arises under New York Penal Code Article 460, known as the Enterprise Corruption Statute, which provides in relevant part:

> "A person is guilty of enterprise corruption when, having knowledge of the existence of a 'criminal enterprise' and the nature of its activities, and being employed by or associated with such enterprise, he or she:
>
> 1. Intentionally conducts or participates in the affairs of an *enterprise* by participating in a pattern of criminal activity;
>
> 2. Intentionally acquires or maintains an interest in or control of an *enterprise* by participating in a pattern of criminal activity; or

3. Participates in a pattern of criminal activity and knowingly invests any proceeds derived from that conduct, or any proceeds derived from the investment or use of those proceeds, in an *enterprise*.

Additionally, a criminal enterprise is defined as:

> "a group of persons sharing a common purpose of engaging in criminal conduct, associated in an ascertainable structure distinct from a pattern of criminal activity, and with a continuity of existence, structure and criminal purpose beyond the scope of individual criminal incidents."

See New York Penal Code Art. 460

70. At all relevant times, Defendant Sara Bronfman-Igtet was a "person" within the meaning of New York Penal Code Art. 460, because she participated in the affairs of the enterprise, acquired and maintained an interest in control of the enterprise by participating in a pattern of racketeering activity, and invested the proceeds derived from that conduct in the enterprise.

71. The ESP/NXIVM Enterprise was created and/or used as a tool to carry out the scheme and pattern of racketeering activity.

72. Defendant Bronfman-Igtet has committed or aided and abetted the commission of enterprise corruption by participating in the affairs of ESP; maintaining an interest and control in ESP; and reinvesting the student-victims' money into the operations of ESP.

73. Defendant aided in the payment of funds to Keith Raniere through a scheme of shell corporations and bank accounts belonging to deceased persons, in order to mask Keith Raniere's income and tax liabilities.

74. Defendant used wires to obtain proceeds from victims by the use of credit card payments, bank transfers, and bank deposits.

75. Defendant committed mail fraud by sending or receiving, or causing to be sent or received, materials via U.S. mail or commercial interstate carriers for the purposes of executing the scheme, which amounted to a material scheme to defraud and obtain money on false pretenses, misrepresentations, promises, and/or omissions. The materials include documents relating to ESP and NXIVM classes.

76. Defendant aided and abetted her associates in operating ESP as a Multi-Level Marketing scheme, while her associate Keith Raniere was previously prohibited by the New York Attorney General from operating another MLM business. *See* **Exhibit 1**.

77. Defendant was an instrumental in the operation of the ESP enterprise including: developing advertisements, obtaining facilities, event coordination, company structure, business deposits, and payments made to her associates

78. Defendant Bronfman-Igtet knowingly and intentionally made these misrepresentations, acts of concealment, and failures to disclose. Defendant either knew or recklessly disregarded that these were material misrepresentations and omissions.

79. Defendant Bronfman-Igtet and ESP obtained money and property belonging to Plaintiffs and the Class as a result of these violations. Plaintiffs and other Class Members have been injured in their loss of property due to Defendant's overt acts of fraud.

80. Plaintiff and the Class have been injured in their property by reason of Defendant's violations of the New York Enterprise Corruption Statute including the price paid for the Intensives and classes, which collectively amount to tens of millions of dollars, plus interest and late fees incurred on their credit cards. In the absence of

Defendant's violations of the New York Enterprise Corruption Statute, Plaintiff and the Class would not have incurred these losses.

81. Plaintiffs' and the Class's injuries were directly and proximately caused by Defendant Bronfman-Igtet's racketeering activity.

82. Defendant knew and intended that Plaintiff and the Class would rely on the scheme's fraudulent representations and omissions. Defendant knew and intended Plaintiff and the Class would pay fees as a result of same.

83. Under the provisions of NY GBL §349 Plaintiffs are entitled to bring this action and to recover their losses, treble damages, the costs of bringing this suit and reasonable attorneys' fees.

84. Defendant is accordingly liable to Plaintiffs and the Class for their losses, three times their actual damages as proved at trial, plus interest and attorneys' fees.

COUNT II

Violations of the New York General Business Law § 349

85. Plaintiff re-alleges and incorporates by reference the above allegations contained in the paragraphs above as if fully set forth herein.

86. NY General Business Law states that:

> "Deceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service in this state are hereby declared unlawful."
>
> See NY GBL §349(a)

87. The provisions of NY GBL §349 apply to Defendant and protect the Plaintiffs and members of the class.

88. Defendant participated in a scheme to violate New York laws and Federal laws, as noted supra and in the Federal indictment of Defendant's co-workers.

89. By the foregoing reasons, Defendant has violated NY GBL §349, and is liable to Plaintiffs and class members in an amount to be determined at trial, plus interest, attorneys' fees and costs.

COUNT III

Violations of the California Business and Professional Code Art. 1, § 17500

90. Plaintiff re-alleges and incorporates by reference the above allegations contained in the paragraphs above as if fully set forth herein.

91. The California Business and Professions Code notes:

> "It is unlawful for any person, firm, corporation or association, or any employee thereof with intent directly or indirectly to dispose of real or personal property or to perform services, professional or otherwise, or anything of any nature whatsoever or to induce the public to enter into any obligation relating thereto, to make or disseminate or cause to be made or disseminated before the public in this state, or to make or disseminate or cause to be made or disseminated from this state before the public in any state, in any newspaper or other publication, or any advertising device, or by public outcry or proclamation, or in any other manner or means whatever, including over the Internet, any statement, concerning that real or personal property or those services, professional or otherwise, or concerning any circumstance or matter of fact connected with the proposed performance or disposition thereof, which is untrue or misleading, and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading, or for any person, firm, or corporation to so make or disseminate or cause to be so made or disseminated any such statement as part of a plan or scheme with the intent not to sell that personal property or those services, professional or otherwise, so advertised at the price stated therein, or as so advertised."

See Cal Bus & Prof Code § 17500

92. The provisions of Cal Bus & Prof Code § 17500 apply to Defendant and protect the Plaintiffs and members of the class as Defendant operated satellite offices in Los Angeles and San Francisco and offered classes in California.

93. Defendant participated in a scheme to violate California laws and Federal laws, as noted supra and in the Federal indictment of Defendant's associates.

94. By the foregoing reasons, Defendant has violated Cal Bus & Prof Code § 17500, and is liable to Plaintiffs and class members in an amount to be determined at trial, plus interest, attorneys' fees and costs.

WHEREFORE, the Named Plaintiffs, individually and on behalf of all other persons similarly situated who took classes from ESP, seek the following relief:

(1) on the first cause of action, against Defendant Sara Bronfman-Igtet in an amount to be determined at trial, plus interest, attorneys' fees and costs, pursuant to the cited New York Enterprise Corruption Statute, NY Penal Code Article 460 and regulatory provisions;

(2) on the second cause of action, against Defendant Sara Bronfman-Igtet in an amount to be determined at trial, plus interest, attorneys' fees and costs, pursuant to the cited New York General Business Law §349 and regulatory provisions;

(3) on the third cause of action, against Defendant Sara Bronfman-Igtet in an amount to be determined at trial, plus interest, attorneys' fees and costs, pursuant to the cited California Business and Professions Code §17500 and regulatory provisions;

(4) together with such other and further relief the Court may deem appropriate.

Dated: September 4, 2018

Respectfully,

/s/ Omar W. Rosales
Omar W. Rosales

NY Reg. No. 5513619
THE ROSALES LAW FIRM, LLC
PO BOX 6429
AUSTIN, TX
78762-6429
(512) 520-4919 TEL
(512) 309-5360 FAX
www.owrosales.com
omar@owrosales.com

Attorney for Named Plaintiffs