

timesunion <http://www.timesunion.com/local/article/NXIVM-flexes-legal-muscle-1410120.php>

NXIVM flexes legal muscle

Executive success program sues ex-officer, subpoenas defectors, cult-watcher lawyer

By JAMES M. ODATO Capitol bureau Updated 10:59 am, Monday, June 6, 2011

ADVERTISEMENT

Daily Routine for Knees

instaflex.com/advanced

Doctors reveal the secret to better knees & joints - Do this daily!

ALBANY -- The unusual self-improvement business called NXIVM engaged in a flurry of legal action in late May aimed at a former executive, several former associates and even an opposing lawyer for allegedly revealing or discussing secrets that have harmed NXIVM.

NXIVM (pronounced "nex-ee-um") is a secretive business guided by the philosophies of **Keith Raniere** of Clifton Park, a onetime boy wonder in marketing businesses who claims to have one of the highest intelligences in the world.

Its adherents pay thousands of dollars for courses that promise to give them insight that will improve their lives and businesses.

More Information

Defendants in several legal actions contend in court papers that NXIVM uses legal action in an attempt to silence its critics.

On the Friday before Memorial Day weekend NXIVM sued former officer **Barbara Bouchey** of Saratoga County in state **Supreme Court** in Albany, accusing her and eight others who left NXIVM in 2009 of attempting to extort nearly \$2.1 million from NXIVM by threatening to go to the press.

[Click here to see the NXIVM Nine's alleged extortion letter.](#)

Bouchey and others have said in earlier court proceedings NXIVM owed them the money.

"Defendant undertook a path of intentional, willful and malicious public disclosure of NXIVM's confidential proprietary information and materials for the purposes of harming plaintiff," the corporation said in its new complaint against Bouchey.

ADVERTISEMENT

Man Cheats Credit Score

thecreditsolutionprogram.com

1 simple trick & my credit score jumped 217 pts. Banks hate this!

6 Exercises No

maxworkouts.com

These exercises stop which exercises burn

The state lawsuit comes after a **U.S. Bankruptcy Court** judge in Albany said NXIVM and two of its top members, Seagram's fortune heirs Clare and Sara Bronfman, were inappropriately using the court to make claims against Bouchey, a financial planner who had served on NXIVM's executive board and possessed "senior member status" before she quit the company after nearly nine years as a student and leader.

"You want the bankruptcy court to deal with these cosmic problems," Bankruptcy Court Judge **Robert E. Littlefield** Jr. told lawyers for the Bronfmans and NXIVM. "If something is going to happen it should happen in another court."

"My advice to the respective parties," the federal judge said, "is to get on with your respective lives."

The new state lawsuit lodged against Bouchey also comes as NXIVM pursues several other former associates, and Bouchey, in a bankruptcy case in Tacoma, Wash., where it is seeking to obtain sworn testimony concerning two other former NXIVM members who discontinued their NXIVM affiliations.

They had joined a revolt, resulting in the letter seeking \$2,088,000 in payments. NXIVM is claiming the letter constitutes an attempt at extortion and that the parties have since conspired to hurt NXIVM.

NXIVM, also known as Executive Success Programs, "has sued so many people in an ongoing effort to silence the criticisms of the **NXIVM organization**," **Susan Dones** and **Kim Woolhouse**, former NXIVM instructors, lamented in one recent statement filed in their Washington bankruptcy case. Its quest to silence criticism, the women contend, "does not give them [NXIVM] the legal right to control those people to talk among themselves, share

their experiences regarding NXIVM's 'style' of litigation, and discuss common problems they face or have faced with NXIVM."

Dones, Woolhouse, Bouchey and six other women, called the "NXIVM Nine" in NXIVM's lawsuit, had participated in three days of meetings with NXIVM leader Keith Raniere in April 2009 where, according to earlier statements in court, they tried to deal with concerns they saw in Raniere's control of the organization and his personal behavior.

Afterward, a letter was sent to Raniere and NXIVM president [Nancy Salzman](#) seeking money. Dones and Bouchey have stated the money was sought because it was owed them

Bouchey, in a statement made in her bankruptcy case, said she is personally owed at least \$1,825,000 plus interest. She testified in her bankruptcy case, which has been dismissed, that NXIVM's attorney wrongly characterized the "request" by the nine women as a "demand" and threatened criminal complaints. Three days after quitting NXIVM, Bouchey testified, her financial management clients, Sara and Clare Bronfman, who are key members of NXIVM, dropped Bouchey as their planner.

Dones, in her bankruptcy case, said NXIVM and its legal team are using the word "extortion" as a tactic to influence the court.

In the new state lawsuit against Bouchey, NXIVM also pursues Bouchey for allegedly breaking confidentiality agreements she signed when she took at least 21 NXIVM self-improvement courses, including multiday "intensives", paying as much as \$15,000 or \$10,000 at times for a few days of lengthy development sessions. Exhibits attached to NXIVM's lawsuit show Bouchey attended such courses starting in 2000 and filled out entry forms that ask "Who are you?" and "Who brought you in?" On one, the \$5,000 cost of a 200 "proctor" program was covered by "commissions."

The forms state that: "I understand that if I choose to leave ESP, I must return all course-related materials and that making use of such materials after leaving constitutes fraud." Some documents show a signature from an authorizing NXIVM official, "field trainer/sales person" Pam Cafritz. Sometimes Bouchey herself is the authorizing agent.

The forms, filed in court by NXIVM, reveal Bouchey's [Social Security](#) number and credit card account numbers.

NXIVM alleges that Bouchey made more than one disclosure of NXIVM's confidential and proprietary information to members of the press and various third parties, including the

Times Union. The suit also alleges Bouchey breached her fiduciary duty to NXIVM and misused trade secrets. The litigation is signed by **Clare Bronfman for NXIVM**. The lawsuit was prepared by **Pamela Nichols** of the Albany-based O'Connell and Aronowitz law firm.

In the Washington case, NXIVM is using O'Connell and Aronowitz and other firms, including the Latham and Watkins law firm in Los Angeles, and its lawyer **Robert Crockett**, who has deposed Bouchey and Dones in the past. NXIVM is seeking to depose several people they claim have information regarding Dones and Woolhouse.

Among those NXIVM wants to subpoena are **Joseph O'Hara**, a former NXIVM business consultant from Colonie, **Toni Natalie**, a former business partner and ex-girlfriend of Ranieri's from Monroe County, and **Peter Skolnik**, a pro bono lawyer in New Jersey defending **Rick Ross**, a cult tracker being sued by NXIVM.

Skolnik said an order from a federal court in Washington cannot compel people outside the jurisdiction to participate.

"It is another example -- but only the latest of many -- of the result when Mr. Crockett and Mr. Ranieri's other well-paid minions are permitted, through lack of judicial restraint, to pursue their abusive, vexatious, nationwide litigation campaigns, grinning like Cheshire cat as they squander the unlimited financial resources of the naive Bronfman sisters," Skolnik wrote to a federal judge in New Jersey.

Skolnik said he would seek to quash a subpoena if he receives one.

Reach Odat at 454-5083 or jodato@timesunion.com.

© 2015 Hearst Communications, Inc.

H E A R S T