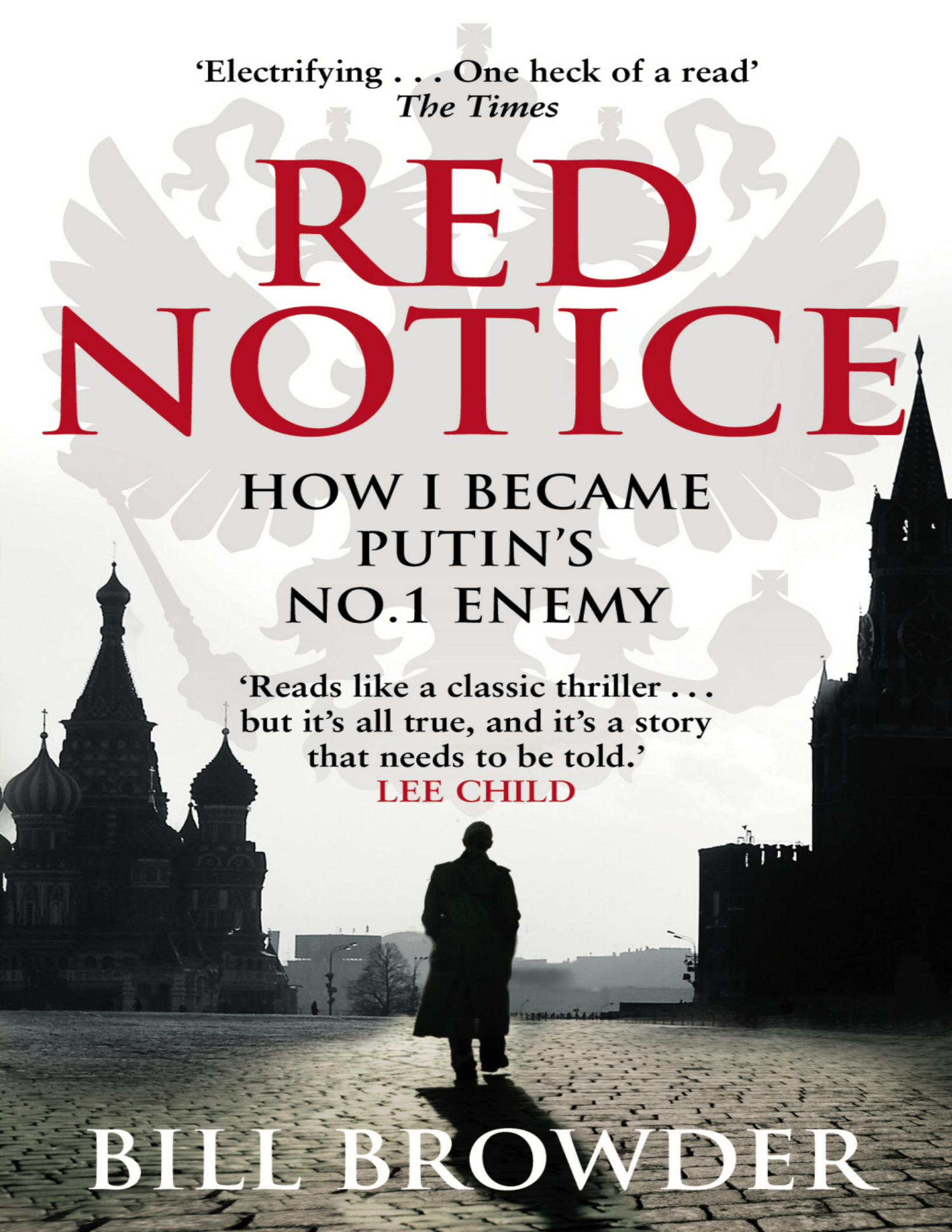
'Electrifying . . . One heck of a read'
The Times

RED NOTICE

HOW I BECAME PUTIN'S NO.1 ENEMY

'Reads like a classic thriller . . . but it's all true, and it's a story that needs to be told.'
LEE CHILD



BILL BROWDER

About the Book

November 2009. An emaciated young lawyer, Sergei Magnitsky, is led to a freezing isolation cell in a Moscow prison, handcuffed to a bedrail, and beaten to death by eight police officers. His crime? To testify against the Russian Interior Ministry officials who stole $230 million of taxes paid to the state by one of the world's most successful hedge funds. Magnitsky's brutal killing has remained uninvestigated and unpunished to this day. His farcical posthumous show-trial brought Putin's regime to a new low in the eyes of the international community.

Red Notice is a searing exposé of the wholesale whitewash by Russian authorities of Magnitsky's imprisonment and murder, slicing deep into the shadowy heart of the Kremlin to uncover its sordid truths. Bill Browder – the hedge fund manager who employed Magnitsky – takes us on his explosive journey from the heady world of finance in New York and London in the 1990s, through his battles with ruthless oligarchs in the turbulent landscape of post-Soviet Union Moscow, to his expulsion from Russia on Putin's orders.

Browder's graphic portrait of the Russian government as a criminal enterprise wielding all the power of the state illuminates his personal transformation from financier to human rights activist, campaigning for justice for his late lawyer and friend.

With fraud, bribery, corruption and torture exposed at every turn, *Red Notice* is a shocking but true political roller-coaster that plays out in the highest echelons of Western power.

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RED NOTICE

How I Became Putin’s No. 1 Enemy

Bill Browder

To Sergei Magnitsky, the bravest man I’ve ever known

While the story in this book is true, it will surely offend some very powerful and dangerous people. In order to protect the innocent, some names and locations have been changed.

Red Notice *n*. A communication issued by Interpol requesting the arrest of wanted persons, with a view to extradition. An Interpol Red Notice is the closest instrument to an international arrest warrant in use today.

1

Persona Non Grata

13 November 2005

I'M A NUMBERS guy, so I'll start with some important ones: 260; 1; and 4,500,000,000.

Here's what they mean: Every other weekend I travelled from Moscow, the city where I lived, to London, the city I called home. I had made the trip 260 times over the last ten years. The '1' purpose of this trip was to visit my son, David, then eight, who lived with my ex-wife in Hampstead. When we divorced, I made a commitment to visit him every other weekend no matter what. I had never broken it.

There were 4,500,000,000 reasons to return to Moscow so regularly. This was the total dollar value of assets under management by my firm, Hermitage Capital. I was the founder and CEO, and over the previous decade I had made many people a lot of money. In 2000, the Hermitage Fund had been ranked as the best-performing emerging-markets fund in the world. We had generated returns of 1,500 per cent for investors who had been with us since we launched the fund in 1996. The success of my business was far beyond my most optimistic aspirations. Post-Soviet Russia had seen some of the most spectacular investment opportunities in the history of financial markets, and working there had been as adventurous – and occasionally, dangerous – as it was profitable. It was never boring.

I had made the trip from London to Moscow so many times I knew it backwards and forwards: how long it took

to get through security at Heathrow; how long it took to board the Aeroflot plane; how long it took to take off and fly east into the darkening country that, by mid-November, was moving fast into another cold winter. The flight time was 270 minutes. This was enough to skim the *Financial Times*, the *Sunday Telegraph*, *Forbes* and the *Wall Street Journal*, along with any important emails and documents.

As the plane climbed, I opened my briefcase to get out the day's reading. Along with the files and newspapers and glossy magazines was a small leather folder. In this folder was $7,500 in $100 bills. With it, I would have a better chance of being on that proverbial last flight out of Moscow – like those who had narrowly escaped Phnom Penh or Saigon before their countries fell into chaos and ruin.

But I was not escaping from Moscow, I was returning to it. I was returning to work. And, therefore, I wanted to catch up on the weekend's news.

One *Forbes* article I read near the end of the flight caught my eye. It was about a man named Jude Shao, a Chinese American who, like me, had an MBA from Stanford. He had been a few years behind me at business school. I didn't know him, but, also like me, he was a successful businessman in a foreign land. In his case, China.

He'd got into a conflict with some corrupt Chinese officials, and in April 1998, Shao was arrested after refusing to pay a $60,000 bribe to a tax collector in Shanghai. Shao was eventually convicted on trumped-up charges and sentenced to sixteen years in prison. Some Stanford alumni had organized a lobbying campaign to get him out, but it didn't work. As I read, Shao was rotting away in some nasty Chinese prison.

The article gave me the chills. China was ten times safer than Russia when it came to doing business. For a few minutes, as the plane descended through ten thousand feet over Moscow's Sheremetyevo Airport, I wondered if

perhaps I was being stupid. For years, my main approach to investing had been shareholder activism. In Russia that meant challenging the corruption of the oligarchs, the twenty or so men who were reported to have stolen 39 per cent of the country after the fall of communism and who became billionaires almost overnight. The oligarchs owned the majority of the companies trading on the Russian stock market and they were often robbing those companies blind. For the most part, I had been successful in my battles with them, and while this strategy made my fund successful, it also made me a lot of enemies.

As I finished the story about Shao, I thought, *Maybe I should cool it. I have a lot to live for*. Along with David, I also had a new wife in London. Elena was Russian, beautiful, incredibly smart, and very pregnant with our first child. *Maybe I should give it a rest*.

But then the wheels touched down and I put the magazines away, powered up my BlackBerry, and closed my briefcase. I started checking emails. My focus turned from Jude Shao and the oligarchs to what I had missed while in the air. I had to get through customs, to my car and back to my apartment.

Sheremetyevo Airport is a strange place. The terminal that I was most familiar with, Sheremetyevo-2, was built for the 1980 Summer Olympics. It must have looked impressive when it opened, but by 2005 it was far worse for the wear. It smelled of sweat and cheap tobacco. The ceiling was decorated with row upon row of metal cylinders that looked like rusty tin cans. There was no formal line at passport control, so you had to take your place in a mass of people and stay on guard so that no one jumped ahead of you. And God forbid you checked a bag. Even after your passport was stamped you'd have to wait another hour to claim your luggage. After a four-hour-plus flight, it was not a fun way to gain entry into Russia, particularly if you were doing the trip every other weekend as I was.

I had done it this way since 1996, but around 2000 a friend of mine told me about the so-called VIP service. For a small fee it saved about an hour, sometimes two. It was by no means luxurious, but it was worth every penny.

I went directly from the plane to the VIP lounge. The walls and ceiling were painted pea-soup green. The floor was tan linoleum. The lounge chairs, upholstered with reddish-brown leather, were just comfortable enough. The attendants there served weak coffee or over-brewed tea while you waited. I opted for the tea with a slice of lemon and gave the immigration officer my passport. Within seconds, I was engrossed in my BlackBerry's email dump.

I barely noticed when my driver, Alexei, who was authorized to enter the suite, came in and started chatting with the immigration officer. Alexei was forty-one like me, but unlike me was six feet five inches, seventeen stone, blond and hard-featured. He was a former colonel with the Moscow Traffic Police and didn't speak a word of English. He was always on time – and always able to talk his way out of minor jams with traffic cops.

I ignored their conversation, answered emails and drank my lukewarm tea. After a while, an announcement came over the public address system that the baggage from my flight was ready for retrieval.

That's when I looked up and thought, *Have I been in here for an hour?*

I looked at my watch. I *had* been there for an hour. My flight landed around 7.30 p.m. and now it was 8.32. The other two passengers from my flight in the VIP lounge were long gone. I shot Alexei a look. He gave me one back that said, *Let me check.*

While he spoke with the agent, I called Elena. It was only 5.32 p.m. in London so I knew she would be home. While we talked, I kept an eye on Alexei and the immigration officer. Their conversation quickly turned into an argument. Alexei tapped the desk as the agent glared at him.

‘Something’s wrong,’ I told Elena. I stood and approached the desk, more irritated than worried, and asked what was going on.

As I got closer, I realized something was seriously wrong. I put Elena on speakerphone and she translated for me. Languages are not my thing – even after ten years, I still spoke only taxi Russian.

The conversation went around and around. I watched like a spectator at a tennis match, my head bouncing back and forth. Elena said at one point, ‘I think it’s a visa issue, but the agent isn’t saying.’ Just then two uniformed immigration officers entered the room. One pointed at my phone and the other at my bags.

I said to Elena, ‘There’re two officers here telling me to hang up and go with them. I’ll call back as soon as I can.’

I hung up. One officer picked up my bags. The other collected my immigration papers. Before I left with them, I looked to Alexei. His shoulders and eyes drooped, his mouth was slightly agape. He was at a loss. He knew that when things go bad in Russia, they usually go bad in a big way.

I went with the officers and we snaked through the back hallways of Sheremetyevo-2 towards the larger, regular immigration hall. I asked them questions in my bad Russian, but they said nothing as they escorted me to a general detention room. The lights there were harsh. The moulded-plastic chairs were bolted to the ground in rows. The beige paint on the walls peeled here and there. A few other angry-looking detainees lolled around. None talked. All smoked.

The officers left. Sealed off behind a counter-and-glass partition on the far side of the room was a collection of uniformed agents. I chose a seat near them and tried to make sense of what was happening.

For some reason I was allowed to keep all my things, including my mobile phone, which had a workable signal. I

took this as a good sign. I tried to settle in, but as I did, the story of Jude Shao forced its way back into my mind.

I checked my watch: 8.45 p.m.

I called Elena back. She wasn't worried. She told me she was preparing a briefing fax for the British embassy officials in Moscow and would send it to them as soon as it was ready.

I called Ariel, an Israeli ex-Mossad agent who worked as my company's security adviser in Moscow. He was widely considered to be one of the best security advisers in the country, and I was confident that he could sort this problem out.

Ariel was surprised to hear what was happening. He said he'd make some calls and get back to me.

At around 10.30 I called the British embassy and spoke to a man named Chris Bowers, in the consular section. He had received the fax from Elena and already knew my situation, or at least knew as much as I did. He double-checked all my information – date of birth, passport number, date my visa was issued, everything. He said that because it was Sunday night, he probably wouldn't be able to do much, but he would try.

Before hanging up, he asked, 'Mr Browder, have they given you anything to eat or drink?'

'No,' I answered. He made a little humming noise, and I thanked him before saying goodbye.

I tried to make myself comfortable on the plastic chair but couldn't. Time crawled by. I got up. I paced through a curtain wall of cigarette smoke. I tried not to look at the vacant stares of the other men who were also being detained. I checked my emails. I called Ariel, but he didn't answer. I walked to the glass and started talking to the officers in my poor Russian. They ignored me. I was nobody to them. Worse, I was already a prisoner.

It bears mentioning that in Russia there is no respect for the individual and his or her rights. People can be

sacrificed for the needs of the state, used as shields, trading chips, or even simple fodder. If necessary, anyone can be gotten rid of. A famous expression of Stalin's drives right to the point: 'If there is no man, there is no problem.'

That's when Jude Shao from the *Forbes* article wedged back into my consciousness. Should I have been more cautious in the past? I'd got so used to fighting oligarchs and corrupt Russian officials that I had become inured to the possibility that, if someone wanted it badly enough, I could disappear too.

I shook my head, forcing Shao out of my mind. I went back to the guards to try to get something – anything – out of them, but it was useless. I went back to my seat. I called Ariel again. This time, he answered.

'What's going on, Ariel?'

'I've spoken to several people, and none of them are talking.'

'What do you mean none of them are talking?'

'I mean none of them are talking. I'm sorry, Bill, but I need more time. It's Sunday night. No one's available.'

'Okay. Let me know as soon as you hear anything.'

'I will.'

We hung up. I called the embassy again. They hadn't made any progress either. They were getting stonewalled, or I wasn't in the system yet, or both. Before hanging up, the consul asked again, 'Have they given you anything to eat or something to drink?'

'No,' I repeated. It seemed like such a meaningless question, but Chris Bowers clearly thought otherwise. He must have had experience with this type of situation before, and it struck me as a very Russian tactic not to offer either food or water.

The room filled with more detainees as the clock passed midnight. All were men, all looked as if they had come from former Soviet republics. Georgians, Azerbaijanis, Kazakhs, Armenians. Their luggage, if they even had any, was simple

duffel bags or strange, oversize nylon shopping bags that were all taped up. Each man smoked incessantly. Some spoke in low whispers. None showed any kind of emotion or concern. They made as much effort to notice me as the guards did, even though I was clearly a fish out of water: nervous, blue blazer, BlackBerry, a black rolling suitcase.

I called Elena again. 'Anything on your end?'

She sighed. 'No. And yours?'

'Nothing.'

She must have heard the concern in my voice. 'It'll be fine, Bill. If this really is just a visa issue, you'll be back here tomorrow to sort everything out. I'm sure of it.'

Her calmness helped. 'I know.' I looked at my watch. It was 10.30 p.m. in England. 'Go to sleep, honey. You and the baby need the rest.'

'Okay. I'll call you straightaway if I get any information.'

'Me too.'

'Goodnight.'

'Goodnight. I love you,' I added, but she'd already hung up.

A flicker of doubt crossed my mind. *What if this wasn't simply a visa issue? Would I ever see Elena again? Would I ever meet our unborn child? Would I ever see my son, David?*

As I fought these dire feelings, I tried to arrange myself across the hard chairs, using my jacket as a pillow, but the chairs were made for preventing sleep. Not to mention I was surrounded by a bunch of menacing-looking people. How was I going to drift off around these characters?

I wasn't.

I sat and started typing on my BlackBerry, making lists of people I had met over the years in Russia, Britain and America who might be able to help me: politicians, businesspeople, reporters.

Chris Bowers called one last time before his shift ended at the embassy. He assured me that the person taking over

from him would be fully briefed. He still wanted to know whether I had been offered food or water. I hadn't. He apologized, even though there was nothing he could do. He was clearly keeping a record of mistreatment should the need for one ever arise. After we hung up, I thought, *Shit*.

By then it was two or three in the morning. I turned off my BlackBerry to conserve its battery and tried again to sleep. I threw a shirt from my bag over my eyes. I dry-swallowed two Nurofen for a headache that had started to come on. I tried to forget about it all. I tried to convince myself that I'd be leaving tomorrow. This was just a problem with my visa. One way or another, I'd be leaving Russia.

After a while, I drifted off.

I woke around 6.30 a.m., when there was a crush of new detainees. More of the same. No one like me. More cigarettes, more whispering. The smell of sweat increased by several orders of magnitude. My mouth tasted foul, and for the first time I realized how thirsty I was. Chris Bowers had been right to ask if they'd offered me any food or drink. We had access to a rank toilet, but these bastards should have given all of us food and water.

All the same, I'd woken up feeling positive that this was just a bureaucratic misunderstanding. I called Ariel. He still hadn't been able to figure out what was going on, but he did say that the next flight to London left at 11.15 a.m. I had only two alternatives. Either I would be arrested or deported, so I tried to convince myself I'd be on that flight.

I busied myself as best I could. I answered some emails as if it were a normal work day. I checked with the embassy. The new consul on duty assured me that once things started opening for the day, they'd take care of me. I got my stuff together and tried once more to talk to the guards. I asked them for my passport, but they continued to ignore me. It was as if that were their only job: to sit behind the glass and ignore all the detainees.

I paced: 9.00; 9.15; 9.24; 9.37. I grew more and more nervous. I wanted to call Elena, but it was too early in London. I called Ariel and he still had nothing for me. I stopped calling people.

By 10.30 a.m. I was banging on the glass, and the officers still ignored me with the utmost professionalism.

Elena called. This time she couldn't soothe me. She promised we'd figure out my situation, but I was beginning to feel that it didn't matter. Jude Shao was looming large in my mind now.

10.45. I began to really panic.

10.51. *How could I have been so stupid? Why would an average guy from the South Side of Chicago think he could get away with taking down one Russian oligarch after another?*

10.58. *Stupid, stupid, stupid! ARROGANT AND STUPID, BILL! ARROGANT AND JUST PLAIN STUPID!*

11.02. *I'm going to a Russian prison. I'm going to a Russian prison. I'm going to a Russian prison.*

11.05. Two jackbooted officers stormed into the room and made a beeline for me. They grabbed my arms and gathered my stuff and pulled me from the detention room. They took me out, through the halls, up a flight of stairs. This was it. I was going to be thrown into a paddy wagon and taken away.

But then they kicked open a door and we were in the departures terminal and moving fast. My heart lifted as we passed gates and gawking passengers. Then we were at the gate for the 11.15 London flight, and I was being ushered down the walkway and on to the plane and hustled through business class and deposited in a middle seat in economy. The officers didn't say a word. They put my bag in the overhead locker. They didn't give me my passport. They left.

People on the plane tried hard not to stare, but how could they not? I ignored them. I was *not* going to a Russian

prison.

I texted Elena that I was on my way home and that I would see her soon enough. I texted her that I loved her.

We took off. As the wheels thumped into the fuselage, I experienced the biggest sense of relief I had ever felt in my life. Making and losing money by the hundreds of millions of dollars didn't compare.

We reached cruising altitude and the meal service came around. I hadn't eaten for over twenty-four hours. Lunch that day was some kind of awful beef Stroganoff, but it was the best thing I had ever eaten. I took three extra rolls. I drank four bottles of water. And then I passed out.

I didn't wake until the plane hit the runway in England. As we taxied, I made a mental catalogue of all the things I was going to have to deal with. First and foremost was working my way through British customs without a passport. But that would be easy enough. England was my home and, ever since I had taken British citizenship in the late nineties, my adopted country. The bigger picture had to do with Russia. How was I going to get out of this mess? Who was responsible for it? Whom could I call in Russia? Whom in the West?

The plane stopped, the public address system chimed, and the seat belts all came off. When it came to be my turn, I walked down the aisle to the exit. I was totally preoccupied. I got closer to the exit and didn't notice the pilot at the front watching the passengers disembark. When I reached him, he interrupted my thoughts by holding out a hand. I looked at it. In it was my British passport. I took it without saying a word.

Customs took five minutes. I got in a cab and went to my apartment in London. When I got there, I gave Elena a long hug. I'd never felt so thankful for the embrace of another person.

I told her how much I loved her. She gave me a big, doe-eyed smile. We spoke about my predicament as we made

our way, hand in hand, to our shared home-office. We sat at our desks. We turned on the computers and picked up the phones and got to work.

I had to figure out how I was going to return to Russia.

2

How Do You Rebel Against a Family of Communists?

IF YOU HEARD me speaking right now, you would probably ask, ‘How did this guy with an American accent and a British passport become the largest foreign investor in Russia only to get kicked out?’

It’s a long story and one that indeed started in America, in an unusual American family. My grandfather, Earl Browder, was a labour union organizer from Wichita, Kansas. He was so good at his job that he was spotted by the communists and invited to come to the Soviet Union in 1926. Not long after he got there, he did what most red-blooded American men do in Moscow: he met a good-looking Russian girl. Her name was Raisa Berkman, one of Russia’s first female lawyers. They fell in love and got married. They would have three boys; the first was my father, Felix, who was born in the Russian capital in July 1927.

In 1932, Earl returned to the United States, moving his family to Yonkers, New York, to head the American Communist Party. He ran for president twice on the communist ticket, in 1936 and 1940. Even though he’d only garnered about eighty thousand votes in each race, Earl’s candidacy focused Depression-era America on the failings of mainstream capitalism and caused all the political players to revise their policies towards the left. He was so effective that he even appeared on the cover of *Time*

magazine in 1938, with the caption ‘Comrade Earl Browder’.

This same effectiveness also drew the ire of President Roosevelt. In 1941, after my grandfather was arrested and convicted for ‘passport violations’, he began serving four years in the Atlanta Federal Penitentiary in Georgia. Fortunately, due to the Second World War alliance between the United States and the Soviet Union, Earl was pardoned one year later.

After the war ended, Earl spent the next few years in the political wilderness – until Senator Joseph McCarthy started his infamous witch hunt, trying to rid the country of every last communist. The 1950s were a paranoid time in America, and it didn’t matter if you were a good communist or a bad communist, you were still a communist. Earl was subpoenaed and interrogated for months by the House Committee on Un-American Activities.

My grandfather’s political persecution and beliefs weighed heavily on the rest of the family. My grandmother was a Russian Jewish intellectual and had no desire for any of her sons to go into the dirty business of politics. For her, the highest calling was academia, specifically in science or mathematics. Felix, my father, dutifully lived up to and exceeded her expectations, attending MIT at the age of sixteen. Remarkably, he completed his undergraduate degree in only two years, enrolled in Princeton’s postgraduate maths course and had his PhD by the age of twenty.

Even though my father was one of America’s brightest young mathematicians, he was still the son of Earl Browder. When President Truman instituted national service after the Second World War, Felix asked for a deferment, but his employer, the Institute for Advanced Study in Princeton, refused to write a letter for him. None of his superiors wanted to be on record defending the son of a famous

communist. With no deferment on file, Felix was promptly drafted, and he started serving in the army in 1953.

After basic training, my father was assigned to an army intelligence unit at Fort Monmouth, New Jersey, where he worked for several weeks before his commanding officer noticed his last name. The wheels turned quickly then. Late one night, Felix was yanked from his bunk, thrown into a military transport, and taken to Fort Bragg, North Carolina, where he was assigned to pump gas at a service station on the edge of the base for the next two years.

When he was discharged in 1955, he applied for the first academic job opening he found: a junior-professor position at Brandeis University. The Brandeis faculty couldn't believe their luck at having a top Princeton mathematician applying for the job. But when they presented their recommendation, the board of trustees baulked at the idea of supporting the son of the ex-leader of the American Communist Party.

At the time, Eleanor Roosevelt was chair of the board, and even though her husband was the one responsible for imprisoning my grandfather, she said that it would be the most 'un-American thing we could do to deny a great scientist his profession because of who his father was'. Felix ultimately got the job, which led to positions at Yale, Princeton and the University of Chicago, where he eventually became chairman of the maths department. He had a long and successful career, and in 1999 President Clinton awarded him with the National Medal of Science, the top mathematics honour in the country.

My mother's story was no less remarkable. Eva was born to a Jewish single mother in Vienna in 1929. By 1938 it was obvious that the Nazis were targeting Jews, and any Jew who had the opportunity got as far away from Europe as possible. Because so many people were fleeing, getting a US visa was almost impossible, and my grandmother made the heartbreaking decision to put my mother up for

adoption just so she could have the chance of a better life in America.

The Applebaums, a nice Jewish family from Belmont, Massachusetts, agreed to take in Eva. At the age of nine, she travelled alone across Europe by train, got on a steamship and sailed to America to meet her new family. When she got there, she was amazed at the sanctuary she'd stumbled into. For the next few years my mother lived in a comfortable house with her own room, a cocker spaniel, a mowed lawn and no genocidal war raging around her.

As Eva was adjusting to her new life, my grandmother, Erna, managed to escape Austria, getting as far as the United Kingdom. The separation from her daughter was unbearable, and she spent every day trying to get a US visa so she could be reunited with Eva. After three years, the visa finally came. She travelled from England to Boston and showed up on the Applebaums' doorstep in Belmont, expecting a joyful reunion. However, my grandmother was greeted by a child she barely knew, an American girl who had become so comfortable with the Applebaums that she didn't want to leave. After a traumatizing struggle, my grandmother prevailed, and the two of them moved into a one-room tenement in Brookline, Massachusetts. My grandmother worked eighty hours a week as a seamstress to support them, but they were so poor that their main luxury was sharing a tray of roast beef and mashed potatoes once a week at a local cafeteria. Going from poverty to comfort and then back to poverty was so traumatic that, to this day, my mother collects sugar packets and sneaks rolls from restaurant breadbaskets into her handbag. In spite of her meagre teenage life, my mother excelled academically and was offered a full scholarship to MIT. She met Felix there in 1948, and within a few months they were married.

I was born in 1964 into this strange, academic, left-wing family. The main topics of conversation at the dinner table

were mathematical theorems and how the world was going to hell because of crooked businessmen. My older brother, Thomas, followed in my father's footsteps and attended the University of Chicago – *at the age of fifteen*. He graduated (with first-class honours, of course) with a degree in physics. He went straight on to study for a PhD at the age of nineteen and is now one of the world's top particle physicists.

I, on the other hand, lived on the opposite end of the academic spectrum. When I was twelve, my parents announced that they were taking a year-long sabbatical and gave me the option of joining them or going to boarding school. I chose the latter.

Feeling guilty, my mother allowed me to choose whichever school I wanted. Since I wasn't interested in academics but was interested in skiing, I looked up schools that were close to ski resorts and found a tiny one called the Whiteman School, located in Steamboat Springs, Colorado.

My parents were so involved in their own academic world that they hadn't bothered to conduct any due diligence on this school. Had they done so, they would have discovered that at the time Whiteman was a less-than-selective school that attracted a number of problem students: kids who had been kicked out of other schools or had problems with the law.

In order to attend this boarding school I had to skip eighth grade and so I arrived at the Whiteman School as a small thirteen-year-old, the youngest and smallest student there. When the other kids saw this scrawny boy dressed in a blue blazer, they immediately saw a victim. On my first night, a band of students came to my room and started rummaging through my drawers, taking whatever they wanted. When I objected, they jumped me, held me down and chanted over and over, 'Time for the titty-twisters, Billy Browder! Time for the titty-twisters!'

This scene played out night after night for the first few weeks. I was bruised and humiliated, and every night when the lights went out I was terrified of the horrors these kids had in store for me.

My mother came for a visit at the beginning of October. Out of pride, I hadn't told her anything about what was going on. I hated all of it, but I thought I could take it.

As soon as I got in my mother's car to go to dinner, though, I broke down.

Alarmed, she asked what was going on.

'I hate it here!' I yelled through my tears. 'It's terrible!'

I didn't tell her about getting beat up every night or the titty-twisters, and I didn't know whether she suspected any of it, but she said, 'Billy, if you don't want to stay here, just say so. I'll take you back to Europe with me.'

I thought about it and didn't give her an answer right away. As we got closer to the restaurant, I decided that while returning to the warm bosom of my mother sounded like the most appealing thing in the world at that moment, I didn't want to walk away from Whiteman a defeated loser.

We got a table at the restaurant and ordered our food. I calmed down as we ate, and halfway through the meal I looked at her and said, 'You know, I think I'll stay. I'll make it work.'

We spent the weekend together away from school and she dropped me off on Sunday night. After saying goodbye, I returned to my room and, as I passed the second years' dormitories, I could hear a pair of boys hissing, 'TTs for BB, TTs for BB.'

I started walking faster, but two boys got up and followed me. I was so full of anger and humiliation that, just before turning the corner into my room, I spun and lunged at the smaller boy. I hit him square in the nose. He fell down and I got right on top of him and kept punching him and punching him, blood spattering on his face, until his friend grabbed me by the shoulders and threw me aside. The two

of them then gave me a good beating before the housemaster showed up to stop the fight.

But from that moment on, nobody ever touched me again at the Whiteman School.

I spent the whole year there and learned all sorts of things I'd never known about. I started smoking cigarettes, sneaking out at night and bringing hard alcohol back to the dorms. I got into so much trouble that I was expelled at the end of the year. I returned to my family in Chicago, but I was not the same Billy Browder.

In my family, if you weren't a prodigy then you had no place on earth. I was so far off the rails that my parents didn't know what to do with me. They sent me to a string of psychiatrists, counsellors and doctors to try to determine how I could be 'fixed'. The more this went on, the more forcefully I rebelled. Rejecting school was a good start, but if I really wanted to upset my parents, then I would have to come up with something else.

Then, towards the end of high school, it hit me. I would put on a suit and tie and become a capitalist. Nothing would piss my family off more than that.

3

Chip and Winthrop

THE ONLY PROBLEM was that since I was such a poor student, every university I applied to rejected me. Only after the intervention of my school's careers counsellor did I get a place at the University of Colorado in Boulder on appeal. While barely getting into Boulder was humiliating, I recovered pretty quickly when I realized the university had been ranked as the number-one party university in the country by *Playboy* magazine.

Based on countless viewings of the movie *Animal House*, I decided that if I was going to go to a party university, I might as well do it right and join a fraternity. I signed up for the Delta Upsilon fraternity and, after the requisite initiation rites, was accepted as a member. Everyone had a nickname there – Sparky, Whiff, Doorstop, Slim – and mine, on account of my curly black hair, was Brillo.

Being Brillo *was* fun, but after a few months of too much beer, chasing girls, ridiculous pranks and watching countless hours of sport on TV, I started to think that if I kept it up, then the only kind of capitalist I was going to be was the kind that collected tips as a parking attendant. It all came to a head when one of the guys in my fraternity, and someone I idolized, was caught robbing the United Bank of Boulder to fund an out-of-control coke habit. After he was sentenced to a long stretch in federal prison, I had something of a wake-up call. I realized that if I kept it up then the only person who would suffer from this particular form of rebellion would be me.

From that moment forward I stopped partying, spent every night in the library and began to get straight As. At the end of my second year, I applied to top universities around the country and was accepted by the University of Chicago.

I worked even harder at Chicago, and my ambition grew. But as I approached graduation, I felt an overriding need to figure out what I was going to do with my life. How was I going to go about being a capitalist? As I mulled this over, I came across an announcement for a lecture by the dean of the graduate business school. Since my plan was to go into the business world in some capacity, I decided to attend. The speech he gave was about the career paths of Chicago business school graduates, all of whom seemed to be doing important things and getting paid well to do them. Business school, it seemed, was the obvious next step for me.

According to the dean, the best way to get accepted at one of the top business schools was to spend two years before business school at a firm like McKinsey or Goldman Sachs, or one of the twenty-five other firms with similar profiles. I bombarded all of them with letters and phone calls asking for a job. But of course it wasn't as simple as that, because every other student with similar ambitions was doing the exact same thing. In the end, I received twenty-four rejection letters, along with a single offer from Bain & Company in Boston, one of the top management-consulting firms in the country. It wasn't clear how I'd slipped through their filter, but somehow I had and I grabbed their offer with both hands.

Bain chose students with top degrees from good universities who were ready to work sixteen hours a day, seven days a week, for two years. In return, they promised you would get into one of the top business schools. There was a hitch that year, though. Bain's business was growing so quickly that they needed to hire 120 smart 'student slaves' instead of just twenty, like all the other firms

running two-year pre-MBA programmes. Unfortunately, this ruined the implicit deal Bain had with the business schools. These schools did indeed like to admit young consultants from Bain, but they also liked McKinsey, Boston Consulting Group, Morgan Stanley, Goldman Sachs and dozens of other sweatshops for ambitious young capitalists. So in the best case, these schools could accept only twenty people from Bain, not the full 120. In essence, Bain was offering the opportunity to work your fingers to the bone for $28,000 a year, and your reward was a 16 per cent chance at best of getting into Harvard or Stanford.

The resulting business-school application process created a crisis for all of us at Bain. We eyed each other suspiciously for weeks, trying to figure out how we were going to differentiate ourselves from one another. I certainly wasn't better than my classmates. Many had gone to Harvard, Princeton or Yale, and many had better performance reviews than me at Bain.

But then it dawned on me. My colleagues may all have had better résumés, but who else was the grandson of the leader of the Communist Party of the United States? No one else, that's who.

I applied to two schools, Harvard and Stanford, and told them my grandfather's story. Harvard was quick to reject me but, amazingly, Stanford said yes. I was one of only three Bain employees accepted at Stanford that year.

In late August 1987, I packed up my Toyota Tercel and drove across the country to California. When I got to Palo Alto, I turned right off El Camino Real on to Palm Drive, which led up to Stanford's main campus. The road was lined with twin rows of palm trees, ending at Spanish-style buildings with terracotta roofs. The sun was shining and the sky was blue. This was California, and I felt as if I was arriving in heaven.

I soon learned that it *was* heaven. The air was clean, the sky was blue and every day felt as if I were living in some