CONSIDER THE DRAGON: THE COMING COLLAPSE OF CHINA'S ECONOMY
WHY WOMEN WOULD RATHER DANCE WITH DOGS
GROWING UP IN A GROWHOUSE

Devastated

Canadian music icon Leonard Cohen is broke and lawsuits are flying. A sordid tale of extortion, SWAT teams, tantric sex, forcible confinement, and betrayal.

LEONARD COHEN IN LOS ANGELES
THURSDAY, AUG. 11
Canadian music icon Leonard Cohen is broke and the lawsuits are flying. As KATHERINE MACKLEM reports, it’s a sordid tale involving allegations of extortion, SWAT teams, forcible confinement, tax troubles and betrayal.

I said there’s been a flood
I said there’s nothing left
—Leonard Cohen, from The Letters, on his album Dear Heather

TAKE AN ICONIC ARTIST, mix in missing millions, hints of tantric sex, a lawsuit replete with other salacious details, and a ruptured relationship with a long-time, trusted associate, and you’ve got the makings of a Hollywood blockbuster. Except in the case of Leonard Cohen, it’s a true tale, with the bizarre twist of a Tibetan Buddhist suing a Zen Buddhist, Cohen. For the 70-year-old poet, singer and songwriter, it’s a nasty, rapidly escalating legal battle that on the one hand accuses him of conspiracy and extortion, and on the other has him accusing both his highly trusted personal manager and long-time financial adviser—the Tibetan Buddhist—of gross mismanagement of his financial affairs. The case exposes not only private details of Cohen’s finances, but also a dramatic tale of betrayal.

The conflict, which Cohen and others have tried to keep out of public view, has left him virtually broke—he’s had to take out a mortgage on his house to pay legal costs—and facing a multi-million-dollar tax bill. But the artist, who is soon to release a new album with his collaborator—and current girlfriend—Anjani Thomas, is today remarkably calm about the potentially embarrassing conflict. Still, when he discovered last fall that his retirement funds, which he had thought amounted to more than $5 million (all figures U.S.), had been reduced to $150,000, he wasn’t so sanguine. “I was devastated,” Cohen says. “You know, God gave me a strong inner core, so I wasn’t shattered. But I was deeply concerned.”

So far, only one formal court filing involving Cohen has been made. In June, Boulder, Colo.-based Neal Greenberg, Cohen’s investment adviser of almost a decade, launched a hyperbole-laden claim in Colorado against Cohen, who lives in both Los Angeles and Montreal. The suit accuses Kelley Lynch, who was Cohen’s manager and is also named in the suit, of siphoning money from the songwriter. It also accuses Cohen and his lawyer Robert Kory of conspiracy, extortion and defamation. It alleges the two, in an attempt to recover at least some of Cohen’s
lost money, threatened to besmirch Greenberg's reputation and concocted a plan to force Greenberg to give Cohen millions of dollars.

The suit paints an almost preposterous picture of Cohen as an artist who led a lavish celebrity lifestyle and then turned bitter and vindictive when he discovered the money had run out. For example, the suit quotes Lynch describing how Cohen demanded she discuss business matters while he soaked in a bubble bath, and how later he was somehow involved in calling a SWAT team to her home, where she was handcuffed and forcibly taken to a psychiatric ward while in her bathing suit.

None of the allegations have been proven in court. Cohen is expected to file a countersuit this week. More lawsuits are likely to join the fray. And Lynch, who has sent turgid, raw and wrathful emails hither and yon, is threatening to sue just about everyone.

The conflict was triggered last fall when Cohen was tipped off by an insider that a lot of money was missing from his accounts. All that remained of his retirement savings was the $150,000, funds that today he can't get at as a result of the tangled legal web he finds himself in. Greenberg's suit portrays the soulful songwriter as an artist who paid little attention to his financial affairs and so was easily duped by a conniving personal manager. Cohen says he tried quietly, and confidentially, to find out from his various managers where the money had gone. Cohen calls the case “a tragedy,” suggesting he was exploited by trusted advisers. He uses words like “greed, concealment, and reckless disregard,” and says firmly he did nothing wrong.

“I can assure you, within reason, I took every precaution except to question the fidelity of my closest associates.”

UNTIL COHEN fired her last fall, Kelley Lynch had been his personal manager for almost 17 years. Back in 1988, she’d been working as an assistant to his then-manager, who died that year. Because she was knowledgeable about Cohen’s business affairs and recording contracts, he had her take over. Over the years, the two developed a personal and professional relationship. Fifteen years ago, they had a brief affair. “It was a casual sexual arrangement. It was mutually enjoyed and terminated,” he says. “I never spent the night.” The end of the affair didn’t affect their bond. “We were very, very close friends,” Cohen says today. “I liked her immensely. Our families were close—she was helpful when I was raising my daughter; I employed her father.” He even named her in his living will, giving her the power to decide, in certain circumstances, if he would live or die. He handed her vast powers of attorney. He trusted her implicitly. And he believed the relationship was mutual. “She wrote dozens of emails to me, thanking me for my help. We used to correspond regularly, relentlessly.” He says that in 2004, while he was recording his most recent album, Dear Heather, with a small team at his home-recording studio, Lynch would come by almost daily. “People were very tight. Kelley was taking care of business, I was producing the album. It was all taking place in this little duplex and the garage that was converted into a studio. Kelley would come over, and I would generally prepare lunch for everyone.”

The cozy arrangement was shattered one day last October when a young man, the boyfriend of a casual employee of Lynch, spoke to Cohen’s daughter, Lorca, who owns an art deco furniture store and who lives downstairs from her father in the L.A. duplex he owns. “Your father really ought to look into his accounts, because he might be surprised at what he finds,” he said. Lorca told him that her father trusted everyone involved and that besides,
As Cohen senior tells the story, the young man replied; "He won't be able to retire.

Alarmed, Lorca called her father, who was in Montreal. Within a couple of days, he returned to Los Angeles and immediately went to his bank. There he discovered, as he puts it, "irregularities." Lynch had linked her American Express bill directly to his personal chequing account, he says, and just days before his visit to the bank, he'd paid a $75,000 Amex bill on her behalf. He never learned what purchases the card had been used for, but says the credit card company reimbursed him. Cohen immediately removed Lynch's signing powers on the accounts. The next day, Cohen told Lynch she no longer had access to the bank accounts and he fired her. That afternoon, Cohen says the bank notified him that Lynch went to a different branch and attempted to withdraw $40,000 from one of his accounts. He then called a lawyer and brought in a forensic accounting firm, Moss-Adams, which, in an investigation of all of Cohen's holdings, discovered "massive irregularities." In all, the accountants discovered about $8.4 million had over time disappeared from his holdings, Cohen says. His retirement funds had been virtually depleted.

NEAL GREENBERG, a banker with a thriving investment firm, had been brought in by Lynch to manage Cohen's money in 1996, two years after Cohen went up Mount Baldy to study to be a Rinzai Zen Buddhist monk. But now, he was worried. Over two decades, Greenberg had built a successful company, the Agile Group, and managed more than half-a-billion dollars of other people's money. He enjoyed, as he says in his suit, a "spotless professional reputation." And suddenly, here was Leonard Cohen, not just a prized client but one with a high profile, suggesting that Greenberg was party to the disappearance of Cohen's retirement savings.

The second sale of Cohen's intellectual property, in 2001, was for $8 million. With Westin, Lynch put that money into a newly formed company named Traditional Holdings LLC that also was intended to shield Cohen's earnings from a major tax hit. Lynch was named as owner of 99.5 per cent of the company, leaving Cohen holding just 0.5 per cent. Greenberg alleges that Cohen, well aware of the structure and its dangers, signed off on it. Westin had explained to Cohen, the suit says, that "the plan would only work if Cohen and Lynch maintained (as they had in the past) a long-term relationship of personal and professional trust." Traditional Holdings could also issue loans to its owners, Lynch and Cohen.

As soon as the new company was in place, "Greenberg was immediately alarmed by Cohen's desire and tendency to treat this company [Traditional Holdings] like his personal piggy bank," the lawsuit alleges. It goes on to claim Cohen took a $1-million advance on the second sale of assets to Sony, Lynch took a commission of $1.1 million, and fees for lawyers and accountants ate up another $714,000. And then, over the next
FROM GREECE TO MIAMI VICE

Some highlights from the life story of one of Canada’s most famous poets:

- In 1959, at 24, Cohen was awarded a Canada Council grant of roughly $2,000. He used the money to travel throughout Europe and, ultimately, settle on the Greek island of Hydra, where, in 1960, he bought a modest home without electricity or running water for $1,500.

- In Hydra, Cohen wrote several collections of poetry and two novels, *The Favourite Game* (1963) and *Beautiful Losers* (1966). The latter was an explicitly sexual post-modern comedy that journalist Robert Fulford called “the most revolting book ever written in Canada.”

- In 1969, Cohen was awarded the Governor General’s Award for poetry for his collection, *Selected Poems 1956-1968*. He declined the award, stating, “much in me strives for this honour, but the poems themselves forbid it absolutely.” He reportedly went to the party anyway.

- Cohen confounded his fans in 1986 by appearing on the hit TV series *Miami Vice* in a guest-starring role as François Zolan, head of Interpol.

- In the early ‘90s, Cohen, ever the ladies’ man, was rumoured to have been engaged to Rebecca De Mornay, the seductive star of 1983’s *Risky Business*. She was 28 years his junior.

- In Toronto with de Mornay in 1992

few years, Lynch regularly borrowed money from the Traditional Holdings account in amounts of tens of thousands of dollars, sometimes for herself, sometimes acting for Cohen. The lawsuit claims that while Greenberg sent a monthly email statement to Cohen, it was always Lynch who told Greenberg to release the loans.

The Greenberg suit claims Lynch, always acting as Cohen’s agent, told Greenberg what to do regarding the funds. For instance, Lynch instructed Greenberg to send Cohen the monthly email status reports, but Greenberg says she directed him to leave out day-to-day activities and the status of Traditional Holdings loans. Because the loans were to be repaid, Greenberg included them in the statements as assets, which meant that it appeared as though nothing had been taken out.

Greenberg, who declined to comment for this article, claims in his suit he repeatedly stressed to Cohen that his spending was seriously draining his investments. In one warning letter, Greenberg told Cohen that Traditional Holdings had only $2.1 million left. Considering how quickly the money was leaving the account, Greenberg wrote, “I think you should consider your situation quite desperate.” It’s not clear if Cohen ever received this letter. On this, Cohen and Greenberg agree: they say many of Greenberg’s attempted communications with Cohen were intercepted by Lynch.

On other points, Cohen disagrees. He was vitally interested in his financial affairs, he says. “It wasn’t that I wasn’t involved—on the contrary, I took great pains to pay these professionals well and to solicit their advice and to follow it,” he insists. “And, I was receiving a report every month from Neal Greenberg indicating that my retirement savings were safe.” Cohen insists he was not made aware that Lynch had been named the majority owner of Traditional Holdings; instead, he says that in an early description of the company’s structure, he had been told that his two children, Lorca and Adam, would be its principal owners. He says he was shocked to learn that Lynch had almost complete ownership. The mistake Cohen admits to is that “I paid close attention to everything except the possibility that my closest associate would embrace any irregularities in the discharge of her duties.”

Cohen also says he learned only recently that the two sales of his intellectual property to Sony were unnecessary. He understands now that those properties earned roughly $400,000 a year, before taxes. That was plenty for him to support what he calls his modest lifestyle.

Cohen accuses Lynch of creating the deals in order to boost her own income. He paid her 15 per cent of his income, which generally earned her $90,000 a year, he says. With the sales of his intellectual property bringing in revenue in the millions, it boosted her income to seven figures.

Greenberg’s lawsuit becomes more disturbing as it describes what happened after Cohen realized he’d lost millions of dollars.

Greenberg says Cohen pressured him to go after his firm’s insurance company for the money to repay him. “Be a man,” Cohen told Greenberg, the suit says. By threatening his reputation, it appeared to Greenberg that Cohen, on Kory’s advice, had decided to target Greenberg’s and his insurance company’s deep pockets. Then, alleges the lawsuit, Cohen and Kory began to pressure Lynch to join them in “their extortion scheme.” From November 2004 to April 2005, the lawsuit says, Kory repeatedly let Lynch know, sometimes directly, sometimes through friends or other intermediaries, that Cohen was ready to “forgive” Lynch’s obligations to him, and that she in fact could receive a hefty cut of “whatever funds could be extorted from Greenberg and other advisers with her co-operation.”

Greenberg’s suit alleges that when Lynch refused to participate, Kory and Cohen vowed to “crush her.” It goes on to say their “tactics to terrorize, silence, or disparage continued on page 47
continued from page 46
Lynch included threatening her that she would go to jail, and paying two paroled convicts to make statements that they had observed Lynch’s older son brandishing a gun and threatening to kill someone.

LYNCH’S RESPONSE to all of this has been bitter, scattered and in some cases difficult to comprehend. In a rambling exchange of emails with Maclean’s last week, she denied any wrongdoing. She also declined to discuss the Agile Group’s lawsuit, describing it as “bogus” and “slanderous,” while promising to file her own complaints against Cohen and other principal players in the case. She added her phone had been disconnected because she lacked money to pay the bills.

In the meantime, she’s been showering Cohen and others with invective-laden emails that alternately voice misery and hurl accusations at friends and former colleagues. Many of these lament losing custody of her 12-year-old son, Ray, to his father, music producer Steve Lindsay. A few devolve into the outrightly bizarre. One missive, sent July 17 and obtained by Maclean’s, invites Greenberg in highly explicit terms to Lynch’s home for an evening of tantric sex. “First I want to study the inner channels with you,” it says. “Why not—let’s see who is better at tantric sex—you or me.”

So troubling have the messages become that several people who know Lynch fear she’s become unhinged. “I’m afraid she’s suicidal,” says Lindsay, her ex-husband, adding that in his judgment she’s been acting erratically for the better part of a year. Cohen too sent Lynch a message last fall spelling out his concern:

You can’t tell the difference / and a helping hand,

You can’t tell the difference between a threat / and a solemn warning / from one of the few people / who still cares about you and your family.

Lynch’s apparent troubles have had punishing legal consequences. Lindsay has obtained a temporary restraining order that prevents her from visiting her son. Tara Cooper, a former employee of a greeting card company Lynch started while still in Cohen’s employ, has taken out a similar order after alleging that Lynch sent threatening emails and harassed her by phone.

And two of her creditors—upscale department stores Neiman Marcus and Bergdorf Goodman—have filed collections claims against her in Los Angeles Superior Court.

THIS IS THE MESS that Leonard Cohen—a man many believe floats a few inches above the ground—finds himself in. These days, he’s Zen-like. In the course of a long interview by phone from his home in Los Angeles, the man sometimes called the poet laureate of pessimism sounded almost bemused. “What can I do?” he asks. “I had to go to work. I have no money left. I’m not saying it’s bad; I have enough of an understanding of the way the world works to understand that these things happen.”

His first choice of action when he learned his money was gone, he says, was to not do anything. Aware of how painful litigation could be, he says he wanted no part of it. “I said, ‘I can walk away with nothing.’ I said, ‘Let me start again. Let me start fresh at 70. I can cobble together a little nest egg again.’” But he ran into a glaring, immediate problem: if he did nothing, he would legally be responsible for the funds that had gone missing. And on that money, he’d owe...
millions in taxes, a sum he no longer had. His next step, “his second-best choice,” was to negotiate with his advisers about the missing money. He approached Lynch, asking her to open her books. “She resolutely and unconditionally refused to open her books to any scrutiny whatsoever and instead began a bizarre email campaign to discredit me in some kind of way, which has gone all over the place,” Cohen says, adding that he’s launching a lawsuit this week with great reluctance. “I don’t want anybody hurt. It’s not my nature to pursue and to contend with people that way.” Cohen says all he wants is to find out where the money went. “I’m not accusing her of theft,” he says of Lynch. Still, his counter-suit will likely describe how money was removed from his accounts.

Cohen appears to have been blindsided by Greenberg’s lawsuit. He insists that he and Kory were in the midst of mediation with Greenberg when the financial adviser’s lawsuit was suddenly and unexpectedly filed. He says the mediation had been confidential, at Greenberg’s urging, as he feared for his reputation. In an email to Greenberg, Cohen urges him to make good. “Dear Neal, I believed in you. I depended on you,” Cohen wrote in November 2004. “When things went wrong, does it make any sense that you would make your warnings available to the only person in the cosmos who had an interest in deceiving me? A single, simple email informing me that my accounts were being emptied would have been enough. I answered EVERY SINGLE EMAIL you ever sent me. Fortunately, I have them all. “Face up to it, Neal,” the email continues, “and square your shoulders: You were the trusted guardian of my assets, and you let them slip away... Restore what you lost, and sleep well.” In his sign-off, Cohen delivered as much a piece of advice as his own philosophy: “Put this behind you and it will dissolve.” There’s an irony here, that a man who has struggled much of his life to distance himself from the material world now, at 70, finds himself in an intense battle with it. Still, he’s not defeated. “This has propelled us into incessant work,” he says of himself and Thomas. He exudes optimism about their new CD. “It’s one of the best albums I’ve heard.” It’s not closing time quite yet.

With CHARLIE GILLIS and BRIAN D. JOHNSON
He had a glimpse or two of that “lifestyle,” and by celebrity standards, at least, it seems decidedly spartan.

His home in Montreal, which he bought in 1972, is a sparsely furnished, unrenovated row house without air conditioning. There are a few Persian rugs scattered about. The most luxurious item, which he seems quite thrilled with, is a recently purchased Tempur-Pedic bed, with a fair-sized television at the foot of it. His house in L.A., on a leafy middle-class street not far from downtown, is a modest duplex with no pool. His daughter lives downstairs. There’s a small recording studio in the backyard. In the living room/dining room, a portable CD player serves as the sound system.

Leonard enjoys red wine. I like to bring a good bottle when I come for dinner, but he’s usually got something less expensive open. One night in L.A., after proudly serving a dinner of lentil soup that he’d made himself, he set about trying to fix an old toaster. The kitchen has no dishwasher. The only signs of extravagance I could detect were three kinds of premium tequila nestled in the freezer, which was stacked with TV dinners. Leonard doesn’t go out much. He and his partner, Anjani Thomas—who lives down the street—do catch the occasional movie. Leonard saw War of the Worlds, which he said was “dumb—and that’s a word I never use.” But it was at the mall, not at a Hollywood premiere.

In a triumph of redundancy, the lawsuit against Cohen describes him as a “famous celebrity”—not to be confused, one supposes, with all those unknown celebrities. Leonard is, indeed, famous in Canada as well as in some other countries, such as Norway. If he decides to tour again, he’ll have no trouble selling out concert halls around the world. And in Montreal, where he’s a patron saint, he does get recognized on the street.

But in Los Angeles, a town saturated with stardom, he’s virtually anonymous. More legend than star, Leonard has achieved an ideal level of celebrity. He knows how to play the game and how to woo the media. In 1994, he vanished for five years to serve as a monk at a monastery on Mount Baldy in southern California, without fear of losing his place. He knew that when he came down from the mountain and re-entered the fray, several generations of loyal fans would be there waiting for him—as he sang in Boogie Street: I’m wanted at the traffic-jam / They’re saving me a seat.

For those fans, Leonard’s financial woes may come as a blessing. Now that he’s broke, he’s had to fan the fire under a career that has been quietly smouldering. He’s putting the finishing touches on a long-awaited collection of new poetry, the Book of Longing, which McClelland & Stewart plans to publish in March. He’s eager to record a new album in the fall and hopes to tour—for the first time in 12 years. And when I visited him last month, he played me an unmastered recording of a stunning album of new songs he’s produced for his partner and collaborator, Anjani Thomas.

Titled Blue Alert, it’s a collection of jazz-blues ballads, with Anjani singing Leonard’s words and accompanying herself on piano. The project, which Sony will release early next year, originated when she picked up a notebook of his lyrics lying open on the coffee table. Anjani, who began singing backup for Cohen in the ’80s, has an exquisite voice. But here she drops her soprano down a notch and sounds like Cohen reincarnated as woman. With her hypnotic vocals harnessed to his lyrics, Blue Alert’s torch songs put her in a league with Diana Krall and Norah Jones. And though Cohen doesn’t sing a note on the album, his voice permeates it like smoke.

Leonard now admits to being strangely happy, although he conceded that being wiped out financially and having your name blackened “is enough to put a dent in your mood.” But his chronic depression, which lifted more than a decade ago on Mount Baldy, has not returned. With monastic discipline he gets up at 4 a.m. to write, and dings to the peace of the morning before the lawyers’ phone calls and emails break the spell. The last time I saw him, he read me an ancient Eastern scripture that says that, internally, you must be “free of hope and desire,” while outwardly you should “do what is to be done.” Those years of extravagant meditation on Mount Baldy have not been in vain. When you’re broke on Boogie Street, a little Buddhist detachment may prove invaluable.