

# Mad About the Boys

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Pearlman and the members of US5. By Georg Chlebarov/Camera Press/Retna. Mad About the Boys by Bryan Burroughs

Until he fled the country in January, accused of embezzling more than \$300 million, Lou Pearlman was famous as the impresario behind the Backstreet Boys and 'NSync. Turns out his investors weren't the only victims, colleagues reveal: Pearlman's passion for boy bands was also a passion for boys. The crowds began gathering outside Orlando's Church Street Station complex early on a sweltering June morning, waiting in line to wander through the abandoned offices of the unlikely multi-millionaire who had transformed this central Florida city into a music-industry mecca. Lou Pearlman, the rotund impresario who created the Backstreet Boys and 'NSync and guided the early recording careers of Justin Timberlake and scores of other young singers, had been an international celebrity, a popular, easygoing local businessman known as "Big Poppa." In his heyday, 5 to 10 years ago, he was profiled on 60 Minutes II and 20/20 and produced a hit ABC/MTV series, Making the Band. Pearlman was long gone now, vanished, one step ahead of the F.B.I. and investigators from the state of Florida, who had rocked Orlando months before by accusing him of being a con man. Gone too were Justin and JC and Kevin and all the other young singers he had made into stars. What remained of Pearlman's empire, mostly memorabilia and office furniture, was to be auctioned later that day. Up in his gaudy third-floor corner office, with its rust-colored shag carpet and walls lined with gold and platinum records, would-be bidders poked into his cabinets and rifled through his desk drawers; the only secret they uncovered, alas, was Pearlman's passion for breath mints. At the back, a cavernous storeroom was stacked with framed posters of his bands. Most of those milling about Pearlman's offices had scant idea what he had done wrong, much less where he had fled to. Some said Israel, or Germany, or Ireland, or Belarus. He had left the country last January, just days before the state sued him, alleging that he had bilked nearly 2,000 investors, many of them elderly Florida retirees, out of more than \$317 million in a Ponzi scheme lasting at least 15 years. A dozen banks also sued for more than \$130 million in back loans. Later the indictment would come. Big Poppa, it turned out, had been an accomplished swindler long before he formed his first band. His were scams of jaw-dropping audacity. Pearlman's largest company, a colossus he boasted was bringing in \$80 million a year, was &hellip; well, not. For years his investors, starry-eyed after rubbing elbows with 'NSync and the Backstreet Boys, never questioned his promises of forthcoming riches. When they finally did, he fought back with lawsuits, forged documents, and fictitious financial statements. When the truth began to come out, he ran. That much any reader of the Florida newspapers might know. What no one knows, however, is that Pearlman's sins appear to have been far more sordid than conning kindly grandmothers. What no one knows, because it is described here for the first time, is that while the King of the Boy Bands was smitten with the music industry and the millions he made there, while he adored his gold records and his television appearances, what Lou Pearlman loved at least as much were the attentions of attractive young male singers. Some, especially the teenagers, shrugged and giggled when he showed them pornographic movies or jumped naked onto their beds in the morning to wrestle and play. Others, it appears, didn't get off so easily. These were the young singers seen emerging from his bedroom late at night, buttoning their pants, sheepish looks on their faces. Some deny anything improper ever happened. But the parents of at least one, a member of the Backstreet Boys, complained. And for any number of young men who sought to join the world's greatest boy bands, Big Poppa's attentions were an open secret, the price some paid for fame. "Some guys joked about it; I remember [one singer] asking me, 'Have you let Lou blow you yet?'" says Steve Mooney, an aspiring singer who served as Pearlman's assistant and lived in his home for two years. "I would absolutely say the guy was a sexual predator. All the talent knew what Lou's game was. If they say no, they're lying to you." To a number of his former band members, Pearlman seemed so enamored of his male singers that it called into question his motivations for entering the music business in the first place. "Honestly, I don't think Lou ever thought we would become stars," says Rich Cronin, lead singer of the Pearlman boy band Lyte Funky Ones (LFO). "I just think he wanted cute guys around him; this was all an excuse. And then lightning crazily struck and an empire was created. It was all dumb luck. I think his motives for getting into music were very different." Pearlman was already the 37-year-old millionaire C.E.O. of a publicly held company when he entered the music business, in 1992. He wasn't raised rich, though. Born in 1954, he grew up in the Mitchell Gardens Apartments, a collection of six-story brick buildings on a tidy street in Flushing, in the northernmost reaches of Queens, New York, below the Whitestone Bridge. His father, Hy, worked in dry cleaning; his mother was a homemaker. His cousin the singer Art Garfunkel was among those who encouraged Pearlman's interest in music. In his 2002 book, Bands, Brands & Billions, Pearlman describes an idyllic childhood in which he grew up a kind of miniature Bill Gates, earning money with lemonade stands and paper routes. His life, Pearlman wrote, changed forever in 1964, when, looking across the Whitestone Expressway from his bedroom window, he spied a Goodyear blimp landing at Flushing Airport for the World's Fair. At the airport, he begged the blimp men to let him take a ride. When they said only special guests and journalists were allowed on board, the 10-year-old wangled an assignment from his school newspaper, presented his "credentials," and was duly lifted into the skies above New York City. A dream was born. The blimps returned to Queens every summer for years, and Pearlman was always there to meet them, helping around the hangars and becoming an unofficial mascot. "I was ecstatic," Pearlman wrote in his book. "The airport became my summer playground and my after-school hangout." But there are other versions of Pearlman's early years one hears at Mitchell Gardens. The most compelling is told by Alan Gross, who for 55 years has lived in Apartment 4C, a narrow space crammed with flotillas of blimp models, blimp posters, blimp photos, blimp key chains, and a cat. "This is the window Lou always talks about," Gross tells me, pointing across the Whitestone Expressway toward the long-closed Flushing Airport. "Lou's apartment is on the other side of the building. He couldn't even see the blimps from there. He saw them here, because I showed him." After a career in aviation, Gross is

now a census worker in poor health, a worn man with a luxuriant gray pompadour, dark circles beneath his eyes, and blue-jean shorts cut off with scissors. Though he has never spoken publicly about his longtime friend, Gross lives in a kind of Pearlman museum, his apartment stacked with boxes bursting with Pearlman correspondence, Pearlman news clippings, Pearlman family photos, even tape recordings of 25-year-old arguments the two had over the telephone. Gross is a kind of ramshackle Inspector Javert to Pearlman's Jean Valjean, a man who has spent years trying to warn investors and government agencies about the kid he first knew as "Fat Louie." "I remember him in a baby carriage," Gross says, taking a seat on an old couch. "Louie was a very shy kid, didn't have many friends. Wasn't very friendly, a little overweight. He wasn't comfortable with who he was, you know? I'm three years older, but we were the only only children in the building, so we became friends. We went on family outings, to the Statue of Liberty, to Coney Island. I went to their family circles, where I listened to his cousin Artie sing as a kid." As Gross tells it, it was he, not Pearlman, who first glimpsed the blimps that day in 1964. It was he, not Pearlman, who scurried there to befriend the blimp men; he, not Pearlman, who got the press pass necessary to get a ride; he, not Pearlman, who snagged the job of gofer around the blimp's hangar. "The stories he tells?" Gross says. "They're not about Lou. They're about me. He's taken episodes from my life to make his own. He always has." Pearlman did join Gross at the hangar, doing odd jobs, but, as Gross tells it, Pearlman did little but sit and stare, which, he says, "made the blimp guys uncomfortable. I had to tell him to stop staring, to come out and talk a little, or they wouldn't let him hang around. That's really when he started coming out of his shell, you know. Sometimes I feel like the Dr. Frankenstein who created a monster." The two lost touch when Gross left to attend Syracuse University and Pearlman enrolled in accounting classes at Queens College. It was for a class assignment that Pearlman, infatuated with aviation, worked up a business plan for a commuter helicopter service. When the two friends returned to Mitchell Gardens after college, Apartment 4C became the headquarters for Pearlman's first aviation company. He persuaded a small group of Wall Streeters living on Long Island to buy a helicopter, which he leased and flew around New York. In his book, Pearlman claims he made his first million at 21. This is at best doubtful. (The company was later merged into a competitor.) Helicopters were fine, but what Pearlman really wanted was a blimp. He had never shaken the bug he caught in 1964; he and Gross were proud members of the airship fraternity who call themselves "balloonatics" and "Helium Heads." Some of the best blimps in the world were built by a German company, headed by an industrialist named Theodor Wullenkemper. In 1978, when the 24-year-old Pearlman heard that Wullenkemper would be visiting the U.S. around the time of his 50th birthday, he mailed him a two-foot-high birthday card covered with glitter, along with an invitation to dinner in New York. To Pearlman's amazement, Wullenkemper accepted. Pearlman picked him up at the airport in a helicopter and ferried him to dinner at, of all places, Apartment 3F, Mitchell Gardens, Flushing, Queens. Pearlman's mother hosted. Wullenkemper, charmed by Pearlman and his enthusiasm to start a blimp business, invited Pearlman and another Mitchell Gardens friend, Frankie Vazquez Jr., to train at Wullenkemper's facilities in Germany. Returning to the U.S. in 1980, Pearlman formed a company he called Airship Enterprises Ltd., and, after making the rounds of potential corporate sponsors, persuaded the owners of Jordache Jeans to lease a blimp for promotional purposes. Unfortunately, Pearlman had neither a blimp nor the money to buy one. According to Alan Gross, who joined Airship as its public-relations manager, Pearlman wangled a used balloon "envelope" from a California man and hired a New Jersey aluminum contractor to build a frame for it. The blimp was assembled at a naval base in Lakehurst, New Jersey, the same one where the German zeppelin Hindenburg crashed in flames, in 1937. There were problems from the beginning, among them the fact that the gold paint Jordache demanded tended to turn brown after several days in the sun, making the blimp look, in Gross's words, "like a giant turd." On its inaugural flight, on October 8, 1980, the new Jordache blimp floated into the New Jersey sky on its way to New York Harbor, where it was to circle a promotional party Jordache was throwing. It made it less than a mile, however, before losing altitude and forcing the pilot to crash-land in a garbage dump. The crash made national headlines. Pearlman blamed the weight of the gold paint. In the airship community, however, there were darker whispers. "Lou never intended to fly that blimp," asserts Gross, who says the airship hadn't flown anywhere near the number of practice runs required under federal law. "He could have been arrested if it had left that base." Pearlman and his insurer ended up in court; seven years later a New York jury awarded Pearlman \$2.5 million in damages. It took years for him to rebound. After moving into a penthouse apartment in Bayside, Queens, however, Pearlman met a Wall Street broker well versed in the market for small, fly-by-night "penny stocks" who proposed a way he could return to the blimp business: Go public. Though he had little to sell but an idea, this was the go-go 1980s, and Pearlman's new company, Airship International, managed to raise \$3 million in a 1985 public offering, which he used to purchase a 13-year-old blimp from Wullenkemper. In short order Pearlman secured a promotional contract with McDonald's, and with his new McDonald's blimp in the air most of the year, he was able to rent office space on Fifth Avenue. In time Pearlman had enough money to begin flying in a rented Learjet. By 1989 he owned a 6,000-square-foot vacation home on a leafy street in Orlando. A large, pale man with thinning red hair and glasses, Pearlman had a style that was enthusiastic, giving, and nonconfrontational. He picked up every check and seldom if ever said no. A big talker and a better listener, Pearlman drew people into his world by deducing their dreams and promising to deliver them. But his soft edges cloaked an unyielding will and the purring persuasions of a televangelist. "You could point your finger in his face and hold a Bible in one hand and tell him your name, and he could tell you you were wrong and make you believe it," recalls Jay Marose, Pearlman's publicist in later years. "He could make you believe anything. Anything at all." In the late 1980s, Pearlman began to grow restless after he suffered two profound losses: the 1988 death of his mother and the 1989 destruction of his blimp in a San Antonio windstorm. Some suggest he went through an early midlife crisis; maybe, at the age of 35, he was just lonely. Whatever happened, within two years he had moved into new offices on Sand Lake Road in Orlando and begun talking about getting into the music business. The seeds of Pearlman's rise—and his fall—were laid soon after he relocated Airship International to Florida, in July 1991, when he began attracting a massive inflow of new money, investors, and business partners. One was a suave 22-year-old British heir named Julian Benscher, who met Pearlman when he acquired a replacement blimp from a British company

Benscher was negotiating to buy. After touring Airship's U.S. facilities and poring over its financials, Benscher bought into the company, becoming its second-largest shareholder. It seemed a bargain. As Pearlman explained it, his little empire now had two strong legs, the publicly traded Airship and a rapidly growing private company called Trans Continental Airlines, an aircraft-leasing business Pearlman co-owned with Theodor Wüllenkemper. According to Dun & Bradstreet, Trans Con Air operated more than 49 aircraft, including 14 727s, and had annual revenues of \$78 million. Benscher pushed Pearlman to expand Airship, and he did, eventually acquiring four more blimps, which were leased to SeaWorld, Metropolitan Life, Gulf Oil, and others. To raise the needed funds, Pearlman, true to his penny-stock roots, turned to a shady Colorado brokerage house, which in two public offerings helped raise about \$17 million selling Airship stock to investors. The firm was what Wall Street calls a "boiler room," that is, it hawked risky, overpriced stock to unsuspecting investors. In 1993, shortly after the Pearlman offerings, the firm, Chatfield Dean & Co., was hit with \$2.4 million in fines by the National Association of Securities Dealers for swindling investors; it later agreed to a settlement with the Securities and Exchange Commission (S.E.C.). Among the allegations were charges that Chatfield brokers took investors' orders for one stock but actually bought Airship shares instead. Pearlman was thrilled with Chatfield's work. When one of its brokers, Anthony DeCamillis, was banned for a year from the securities industry and fined \$25,000, Pearlman hired him to help raise still more money for Trans Con Air from banks and private investors. Another Chatfield executive was hired as well and ended up handling merchandising for the Backstreet Boys. "I remember asking Lou, 'You know, do you think it's wise to hire a guy who's been banned from the industry?'" Benscher recalls. "And he said, 'Oh, Tony'll be great for getting us financing!'" The real problem, Benscher saw, was Pearlman's spending. He and his men hired private jets and helicopters for every business trip; every meal seemed to be a dozen people on the company's tab, a habit that drove up not only Pearlman's expenses but his weight, which hit 316 pounds and may have gone as high as 350. ("He was so unbelievably fat&mdash;he used to sit down and his middle tire was down to the floor," recalls Jennifer Emanuel, one investor's daughter. "His favorite place was that all-you-could-eat buffet at Olive Garden.") "I remember sitting his guys down and saying, 'Look, at this rate, you'll go through this \$17 million in no time,'" Benscher says. So Pearlman raised more money. He had been gathering small amounts from family and friends, mostly in the New York area, but in the early 1990s he aggressively began soliciting outside investors. Some, such as the late Eric Emanuel, a Wall Street investment banker, were sophisticated; Emanuel ponied up several million dollars and persuaded a Long Island real-estate mogul, Alfonse Fuglioli, to do the same. Many others weren't as savvy. Dr. Joseph Chow, a Chicago engineering professor whose wife ran a successful long-term-care organization, entered Pearlman's orbit when a Chatfield Dean broker cold-called him. Pearlman took it from there, wooing Chow intensely, sitting next to him at his daughter's wedding and, in later years, inviting him to kibitz with the Backstreet Boys and 'NSync. Chow came to consider Pearlman the son he never had and eventually lent him more than \$14 million.

At first Pearlman's new investors received Airship stock. Then he began selling small lots of Trans Con Air stock, which paid an annual dividend of about 10 percent. At some point in the early 1990s, Pearlman began offering investors a new option, a chance to participate in Trans Con Air's federally insured employee stock-ownership plan, what he termed an Employee Investment Savings Account, or eisa. Trans Con's eisa, which paid an annual return of about 8 percent, was a rock-solid investment, Pearlman said, guaranteed by the Federal Deposit Insurance Corporation (F.D.I.C.), the giant American International Group (AIG) insurance company, and Lloyd's of London. In time Pearlman began selling eisa investments through a series of small brokerage houses in Florida. Many of his buyers were retirees. Typical of Pearlman's investors was the Sarin family. Steven, a Manhattan dentist, his brother, Barry, and their parents began investing with Pearlman in the 1980s, after the elder Sarins heard someone in their Florida retirement community speak glowingly of Pearlman. "He constantly sent promotional materials, you know, first on the blimps and the airplanes, then later on boy bands," recalls Steven Sarin, who occasionally stayed in Pearlman's home when he visited Orlando. "The company was always doing phenomenal. He kept saying it would all go public. And, you know, we were getting a decent return, so we were happy. Besides, we got to meet 'NSync and the Backstreet Boys." Over a span of 15 years, the Sarins invested more than \$12 million with Pearlman. There was just one problem: neither the Sarins' investments nor those of Dr. Chow or any other Pearlman investor were actually guaranteed by the F.D.I.C. Or AIG. Or Lloyd's of London. It was all a lie. In 1999, Lloyd's caught wind of it and fired off a letter to Pearlman demanding that he stop. He said it was all a misunderstanding. Lloyd's went to the S.E.C.; there is no evidence the agency followed up on the complaint. For the most part investors simply took Pearlman at his word. When someone did ask to see proof of AIG and F.D.I.C. backing, Pearlman invited them to his office and displayed what appeared to be a massive AIG insurance policy, as well as a letter confirming F.D.I.C. protection. According to Bob Persante, a Tampa lawyer representing 15 Pearlman investors, the AIG policy was unrelated and the F.D.I.C. letter a fake, believed to be dummied up by Pearlman himself. The bigger lie, though, was the simplest: there is no such thing as an eisa account. There is a legitimate, federally insured vehicle called an erisa&mdash;an Employee Retirement Investment Savings Account&mdash;but, according to Persante and others, Pearlman's fictitious eisa accounts were nothing more than a transparent attempt to capitalize on confusion between the two names. It was a startlingly simple, and fabulously successful, con. Between the early 1990s and 2006, Pearlman took in more than \$300 million in eisa sales. In fact, the state of Florida alleges, it was a straightforward Ponzi scheme: Pearlman paid old investors with money from new ones. "What he told people was that 'I've got this eisa plan, and normally these plans are restricted to employees, but I've built in a special clause that allows me to give it to friends and family,'" says Persante. "The genius was he promised only a point above prime or so, so people never got suspicious." There is scant evidence many other than Pearlman knew the extent of his frauds. One way Pearlman protected himself was hiring inexperienced people. In a business that rarely numbered more than a few dozen employees, several top Pearlman aides, including both his general counsel and his last right-hand man, Robert Fischetti, began their careers as Pearlman's driver. Fischetti's earliest duties, one investor recalls, included handing out paper towels in a Trans Con men's room. Pearlman found another of his top men, Paul Russo, working at a convenience store.

"None of these guys knew anything," remembers Jay Marose. "If you needed a decision made, they would listen to you and go, 'Uh-huh, uh-huh, uh-huh,' and then go back to Lou." As he told the story in later years, Pearlman began to think about entering the music business during the late 1980s, when one of his charter planes flew New Kids on the Block to several concerts. His epiphany, Pearlman claimed, came when the band's manager told him New Kids was grossing \$100 million a year. Pearlman wanted in. Julian Benscher says he sensed Pearlman's love of the blimp business waning as early as 1991. "I remember we were in his living room, and I said to him, 'Lou, what is your dream? What do you really want to do?'" Benscher says. "And he said, 'The music business.' He wanted to start a group like New Kids. I said, 'Well, then, let's do it. You put up half, I'll put up half.'" In early 1992, Pearlman placed an advertisement in the Orlando Sentinel, announcing auditions for a band to be composed of teenage boys. Among the first to reply was Denise McLean, whose son, A.J., was an aspiring singer; after A.J. auditioned for Pearlman in his living room, he became the group's first member. The McLeans came with a pair of music managers, Jeanne Tanzy Williams and Sybil Hall, who began working with Pearlman to complete the group. Dozens of teenage boys auditioned for them at Pearlman's home. Eventually, in January 1993, Pearlman held an open casting call in which hundreds of young performers danced and sang at his blimp hangar in Kissimmee, south of Orlando. After several starts and stops, four young men—Brian Littrell, Nick Carter, Kevin Richardson, and Howie Dorough—were selected to fill out the group. Pearlman came up with a name, the Backstreet Boys, after Orlando's Backstreet flea market. The rest is music history. The group staged its first show, at SeaWorld in May 1993, and soon went on the road, appearing at amusement parks and malls. Pearlman brought in a pair of professional managers, Johnny and Donna Wright, and within a year the Backstreet Boys had a deal with Jive Records. After U.S. radio stations ignored its first single, the band began touring in Europe, where its first album, released in 1995, became a smash hit. Through it all, Pearlman remained a smiling father figure to the boys, paying for everything, the tours, housing, clothes. He preached that they were all a "family" and urged the boys to call him "Big Poppa." Even though the Backstreet Boys would not find success in America until 1997, Pearlman was soon spending so much time on the music business he all but lost interest in blimps. As a result, Airship International went down in flames. The company posted a \$2 million loss in 1992 and a \$4 million loss in early 1994; by late 1994 its stock had fallen to 13 cents a share, down from \$6. Of its five blimps, only one was still flying in late 1994. The SeaWorld blimp was dismantled after the park declined to renew its lease. Another, leased to promote a Pink Floyd tour, was damaged in a windstorm. Another crashed in North Carolina. Yet another, en route to the U.S. Open tennis tournament in September 1994, crashed into a Long Island man's front yard. The end came when the lease on Pearlman's last blimp expired, in 1995. Pearlman's investors didn't care much about Airship's death. Most, like Pearlman, were too excited about the music end of the business. But what made many investors feel secure was the knowledge that, even with Airship gone, the second and far larger leg of Pearlman's empire, the \$80 million Trans Continental Airlines, was thriving. Its income grew steadily through the 1990s. In fact, almost all Pearlman's ventures became subsidiaries of Trans Con Air—the Backstreet Boys, the Chippendales male-stripper franchise (acquired in 1996), Trans Con Records, Trans Con Studios, even Trans Con Foods, which included a string of TCBY yogurt franchises and a small chain of deli-cum-pizzerias called NYPD Pizza. Pearlman regularly mailed out glowing letters to Trans Con Air shareholders, detailing how the aircraft-leasing and other businesses were doing. By and large Pearlman's investors owned only tiny lots of Trans Con Air stock; he told people Theodor Wüllenkemper controlled most of it. Only Julian Benscher, after years of pestering Pearlman, was able to buy a significant stake in the company, about 7 percent. It wasn't until the late 1990s, after Benscher began disentangling his affairs from Pearlman's, that he stumbled onto the truth. When Benscher complained that he wasn't receiving dividends on his Trans Con stock, Pearlman blamed Wüllenkemper, saying the German magnate was refusing to pay out. Irked, Benscher flew to Germany in November 1998 and pleaded his case directly to Wüllenkemper, with whom he had become friendly. As Benscher remembers their meeting, "Wüllenkemper said, 'What are you talking about?' I said, 'Trans Continental Airlines.' He said, 'What's Trans Continental Airlines got to do with me?' I said, 'You own it. You own 82 percent of it.' He starts laughing. [I said], 'Trans Con Air? Forty-nine airplanes?' He said, 'I have planes, but not this Trans Con Air. Julian, this has nothing to do with me.' I went cold inside. Everything I had believed for eight years was a lie. I didn't know what to do." There was no Trans Continental Airlines. Stunned, Benscher investigated how many airplanes Pearlman actually owned. He found precisely three, and all appeared to belong not to Trans Con but to a small charter service Pearlman had formed in 1998, Planet Airways. "Trans Con Airlines existed only on paper," Benscher explains. "But it was always so believable. There was always a plane or helicopter there whenever he wanted. When we flew to L.A. on MGM Grand Air, Lou said the jet was one of his. When he said he owned the plane, well, how could you tell he didn't?" But Benscher struck a settlement agreement with Pearlman in which he promised not to publicly disparage him, and he has never revealed his discovery to a soul until now. When I mention Trans Con Air to Alan Gross, he grins and disappears into another room, then returns with a pair of faded Polaroids. Both show a massive "Trans Continental Airlines" 747 landing at what appears to be New York's La Guardia Airport; they are the same photos, I realize, that adorned the Trans Con Air brochures Pearlman had shown Benscher and other investors for years. "Look closer," Gross says, eyeing the photos. "You notice you can't see the entire airplane. You can't see the tail numbers. You know why? Because that's where Lou was holding his fingers!" Gross erupts in gales of laughter. "It's a model!" he guffaws. "It's one I built for him. Louie was using those fake pictures all the way back in the late 70s to try and raise money. Can you believe it? People thought it was all real!" By his own estimate, Pearlman sank \$3 million into the Backstreet Boys before he saw a penny of profit. Still, the music business thrilled him. Even before the band hit it big, he began planning more groups. The first was 'NSync—composed of Justin Timberlake, JC Chasez, and three other singers—which Pearlman formed and dispatched to tour in Europe in 1995. Other groups were soon in the works, including a five-teen band named Take 5, a three-teen group called LFO, and an all-girl group named Innosense. With money pouring in from investors, Pearlman began work on a state-of-the-art recording studio. When it was finished, artists as varied as Kenny Rogers and the Bee Gees would record there. From the very beginning, people remarked how

odd it was for a blimp-industry executive to be diversifying into boy bands. In fact, insiders raised questions about Pearlman's motivations almost from the moment the Backstreet Boys was formed. The group's initial co-manager Sybil Hall and her partner, a singer named Phoenix Stone—he had been one of the original Backstreet Boys before starting his own company—remained close to Pearlman as co-investors in the band. "Basically this was an excuse for Lou to hang around with five good-looking boys," says Stone, who now runs a record label with Hall in Los Angeles. "He was along for the ride. What he liked to do was take boys out to dinner." From outward appearances, Pearlman was not gay; in fact, over the years he dated several women, including a nurse. But even in those early years, when Pearlman shepherded the Backstreet Boys to appearances around the U.S. and Europe, members of the group and their families frequently gossiped about his sexual proclivities. "As a mother, you kind of put two and two together," remembers Denise McLean, A. J. McLean's mother. "Yet there was always that fine line where you sat back and went, 'O.K., is this a guy who always wanted to be a father or an uncle? Is this all innocent? Or is it more?' I kind of thought that there might have been some strange things going on. But you just didn't know." Others felt Pearlman was above reproach. "I spent quite a lot of time with Lou from '90 to '94 and never did he behave inappropriately in any sexual fashion," says Julian Benscher. "Did I a couple of times think that maybe with one of the drivers he had an unusually friendly relationship? Sure. But I spent a lot of time with the boys and Lou, and I can tell you there was no inappropriate behavior. No way. "For Pearlman, and for all the people around him, everything changed in June 1997 when the Backstreet Boys charted their first U.S. hit, "Quit Playing Games (with My Heart)." Overnight the band became an international sensation. Reporters rushed to profile Pearlman as the unlikely impresario—some said "Svengali"—of a new era of boy bands. The success of the Backstreet Boys and later 'NSync created a huge new music scene in Orlando, with thousands of fresh-faced boys, and girls, flocking to audition for Pearlman. It was during this period, in 1997 and 1998, that the first allegations of inappropriate behavior involving Pearlman appear to have surfaced. One incident centered on the youngest of the Backstreet Boys, Nick Carter, who in 1997 turned 17. Even for many of those closest to the group, what happened remains unclear. "My son did say something about the fact that Nick had been uncomfortable staying [at Pearlman's house]," Denise McLean says. "For a while Nick loved going over to Lou's house. All of a sudden it appeared there was a flip at some point. Then we heard from the Carter camp that there was some kind of inappropriate behavior. It was just odd. I can just say there were odd events that took place." Neither Nick Carter nor his divorced parents, Robert and Jane Carter, will address what, if anything, happened. But at least two other mothers of Pearlman band members assert Jane termed Pearlman a "sexual predator." Phoenix Stone says he discussed the matter with both Nick and his mother. "With Nick, I got to tell you, this was not something Nick was comfortable talking about," says Stone. "What happened? Well, I just think that he finally, you know, Lou was definitely inappropriate with him, and he just felt that he didn't want anything to do with that anymore. There was a big blowup at that point. From what Jane says, yes, there was a big blowup and they confronted him." In a telephone interview, Jane Carter stops just short of acknowledging Pearlman made improper overtures to her son. "Certain things happened," she tells me, "and it almost destroyed our family. I tried to warn everyone. I tried to warn all the mothers." Told that this article would detail allegations that Pearlman made overtures to other young men, she replies, "If you're doing that, and exposing that, I give you a big flag. I tried to expose him for what he was years ago. I hope you expose him, because the financial [scandal] is the least of his injustices." When I ask why she won't discuss it further, Carter says she doesn't want to jeopardize her relationship with Nick. "I can't say anything more," she says. "These children are fearful, and they want to go on with their careers." Since Pearlman's financial collapse, a number of his onetime band members have told Vanity Fair they experienced behavior that many would consider inappropriate. Much of what is described occurred at Pearlman's two Orlando-area homes, the white house he owned on Ridge Pine Trail and, after 1999, the sprawling Italianate mansion he acquired from Julian Benscher, in suburban Windermere. Tim Cristofore, who joined Pearlman's third boy band, Take 5, at the age of 13, remembers one sleepover when he and another boy were dozing and Pearlman appeared at the foot of their bed, clad only in a towel. According to Cristofore, who now runs a small entertainment business in St. Paul, Minnesota, Pearlman performed a swan dive onto the bed, wrestling with the boys, at which point his towel came off. "We were like, 'Ooh, Lou, that's gross,'" Cristofore recalls. "What did I know? I was 13." On a separate occasion, Cristofore and another band member telephoned Pearlman to say they were coming to his home to play pool. When they arrived, Pearlman met them at the door naked, explaining he was just getting out of the shower. Another time, Cristofore remembers, Pearlman showed him security-camera footage of his girl group, Innosense, sunbathing topless. On still another occasion, Pearlman invited all five band members to watch the movie Star Wars in his viewing room. At one point the film switched off and was replaced by a pornographic movie. At the time, Cristofore says, "We just thought it was funny. We were kids. We were like, 'Great!'" "No one ever complained," says Tim's mother, Steffanie. "Most of the stuff, we learned about only after the group broke up [in 2001]. Lou played this game of trying to alienate the parents. Every time he dropped the boys off, it was 'Don't tell the parents anything.' They pretty much had a pact with him and they kept it." Only later did Merrily Goodell, who had two sons in Take 5, learn that Pearlman had taken one to a strip joint. "Did Lou rape my boys? No, he didn't," she says. "But he put them, and a lot of others, in inappropriate situations. I know that. To me, the man is just a sexual predator." To this day, the question of Pearlman's behavior remains a sensitive topic among former members of his boy bands. For every young man or parent who says he experienced or saw something inappropriate, there are two who won't discuss it and three more who deny hearing anything but rumors. More than a dozen insiders told me they heard stories of Pearlman's behavior while insisting they experienced nothing untoward themselves. Asked who might have been targets of Pearlman's overtures, the names of seven or eight performers are repeatedly mentioned. Only two of these men would talk to me, and while one acknowledges hearing stories from other boys of inappropriate behavior, both strenuously deny experiencing it themselves. "None of these kids will ever admit anything happened," one attorney who has sued Pearlman told me. "They're all too ashamed, and if the truth came out it would ruin their careers." Among the few who will discuss

Pearlman's behavior in detail is one of his former assistants, Steve Mooney. In 1998, Mooney, then a strapping 20-year-old with flowing blond hair, was trying to get started as a singer when a Pearlman aide approached him at an Orlando mall, where he was working at an Abercrombie & Fitch store, and told him, "The big man wants to see you." Mooney visited Pearlman in his Sand Lake Road offices and performed a Michael Jackson song, but instead of a singing job Pearlman offered him a job as his personal assistant. Pearlman explained that JC Chasez of 'NSync had gotten his start this way. Mooney signed on, and Pearlman soon invited him to live in his home. All the time Pearlman held out the chance that Mooney could join one of the groups he was planning, called O-Town. According to Mooney, Pearlman told him, "By this time next year, you'll be a millionaire." From the outset, Mooney noticed how Pearlman enjoyed hugging him, rubbing his shoulders, and squeezing his arms, usually in conjunction with one of his odd pep talks. "He would say, 'Do you trust me?' [And I would say], 'Of course I trust you, Lou,'" Mooney recalls. "He always said, 'I want to break you down, then build you up, so we can be a team together.' Then he would say, 'Your aura is off,' so he begins rubbing my back. I was like, 'Whoa!' And he's going, 'It's O.K., we've got to get your aura aligned.'" It got to the point, Mooney says, where every time they were alone Pearlman would rub his muscles. "As soon as the elevator doors close, he would grab you and rub your abs," he recalls. "The first few times, it's O.K. But it gets to be too much. It's like you have this creepy friend who's always touching you." "That was the line, the 'aura,' I definitely heard that aura bullshit," says Rich Cronin, lead singer of the Pearlman band LFO. "It took everything in me not to laugh. He was like, 'I know some mystical fucking ancient massage technique that if I massage you and we bond in a certain way, through these special massages, it will strengthen your aura to the point you are irresistible to people.' 'I swear to God,'" Cronin goes on, "I had to bite my cheeks to stop from laughing. I mean, I now know what it's like to be a chick.&hellip; He was so touchy-feely, always grabbing your shoulders, touching you, rubbing your abs. It was so obvious and disgusting.&hellip; He definitely came at people. He came at me. In my situation I avoided him like the plague. If I went to his house, I went with somebody. I would never go with him alone. Because I knew every time I was over there by myself it always led to some weird situation. Like he'd call late at night to come over and talk about a tour, and you'd get there and he'd be sitting there in boxers. The guy was hairy as a bear." Steve Mooney shared his concerns with his father, who joined the two for dinner. While they ate, Mooney says, Pearlman kept putting his hand on his leg. Finally he asked him to stop. Afterward, he was surprised when his father said Pearlman seemed O.K. "It's weird," Mooney says. "But when you start talking about the money and fame, it's like Lou's got this mind control over people." Mooney remembers having a heart-to-heart talk with a young man I'll call "Bart," a singer in a second-tier Pearlman band. "I said, '[Bart], does he ever grope you?,' and he said, 'Yeah, all the time,'" Mooney recalls. "[He said] Lou once grabbed him 'down there.' I said, 'Well, what do you do about it?' [He said], 'Look, if the guy wants to massage me, and I'm getting a million dollars for it, you just go along with it. It's the price you got to pay.'" On several occasions in the late 1990s, Phoenix Stone says, he felt obliged to confront Pearlman over his behavior. "We were trying to build a company, you know, build a brand, a worldwide brand," says Stone. "And this kind of thing, I mean, it looks bad for your reputation. We didn't want the reputation of Lou as a predator.&hellip; So, yeah, I did have a conversation with him. I was worried about the under-aged kids. He never admitted to being gay or anything. I said, 'Look, I know exactly what time it is with you, and I don't care whether you're gay or not, but this is a business, and you can't come on to these guys like this. And if you do, none of them can be under-aged.' He just kind of laughed and said, 'I got it all covered, I got it all covered.' This was still at the height of [his fame].""I tried to protect the kids," says the publicist Jay Marose. "You'd see Lou kind of moving in on one of them, and you'd just tell someone, Get that kid away from Lou before it's too late." Living at Pearlman's home, Steve Mooney believed he saw firsthand the price many young men were paying. Pearlman's bedroom lay behind a pair of double doors, and when they were closed, Mooney knew not to intrude. More than once, he says, he encountered young male singers slipping out of those doors late at night, tucking in their shirts, a sheepish look on their faces. "There was one guy in every band&mdash;one sacrifice&mdash;one guy in every band who takes it for Lou," says Mooney, echoing a sentiment I heard from several people. "That's just the way it was." As Mooney tells it, matters came to a head in 2000, during the final stages of the O-Town selection process. Pearlman was resisting his entreaties to join the group. According to Phoenix Stone, who consulted on the selection process, he and Pearlman were at his home late one night discussing Mooney's future when Pearlman telephoned Mooney, explaining he needed someone to take out the garbage. "It was very clear to me what was going on," Stone recalls. "I stopped it right then and there. When Lou called Steve, they had an argument. Steve got very mad, you know, [saying], 'I'm not coming over.' [I said to Pearlman], 'If it's about the garbage, there's plenty of people who can take out your garbage. If it's not, well, leave the kid alone. It's late.'" Stone left, believing the matter had been resolved. In fact, Mooney says, there was a second phone call. At Pearlman's insistence he drove to the mansion at two a.m. and found Pearlman in his office, clad in a white terry-cloth bathrobe. A long argument ensued. It climaxed, Mooney says, when he beseeched Pearlman, "What do I have to do to get in this band?" At that point, Mooney says, Pearlman smiled. "I'll never forget this as long as I live," Mooney says. "He leaned back in his chair, in his white terry-cloth robe and white underwear, and spread his legs. And then he said, and these were his exact words, 'You're a smart boy. Figure it out.'" Mooney says he left the house without further incident. He knew, however, that his days with Pearlman were numbered. Afterward, in an effort to protect himself, he says, he returned to Pearlman's office when Pearlman was out. He had perused Pearlman's private files in the past, curious to see what they contained. Now he removed three items he had seen before: a photo of a longtime Pearlman aide posing as a Chippendales dancer; a photo of Pearlman and one of the Backstreet Boys on a ski vacation, apparently alone; and a photo of a young singer naked in Pearlman's sauna, his hands covering his genitals. After making copies of the photos, Mooney says, he contacted the aide who posed as a dancer. "I went to [him] and showed it all to him," he says. "He's like, 'Listen, all you got to do is keep your mouth shut and you're in this company for life. That photo? I'd burn it.'" When Pearlman learned of the theft he confronted him. Mooney says he turned over the copies and resigned. Today he sells real estate in Orlando. "Nobody will talk about this stuff," Mooney says, "but plenty of guys were willing to go along to get

what they wanted." In late 2000, Phoenix Stone and Sybil Hall say, they took an odd phone call from Pearlman: he said he had found a listening device in his home. The two joined Pearlman in an impromptu grilling of an assistant, a young man I'll call "Jeremy," who according to several people had begun an affair with Pearlman. Stone and Hall say Jeremy admitted to placing the device because he was jealous of the attention Pearlman was lavishing on another young man, whom I'll call "Peter," a member of one of Pearlman's bands. "He told me that he and Lou were in a relationship and that he thought Lou was cheating on him with [Peter]," Hall recalls. "He wanted to find out what they were doing." Jeremy couldn't be located for comment, but after his dismissal—Hall and Stone say he received an Escalade to keep quiet—Peter continued to work for Pearlman for years. Despite innuendo that dogged him for years, Pearlman faced the prospect of public allegations only a handful of times. Once, an unidentified male singer—there may have been more than one—made it clear to Pearlman that he was about to go public. Pearlman's longtime attorney, J. Cheney Mason, of Orlando, confirms that he turned the matter over to the F.B.I. for investigation as a possible extortion. No charges were ever brought, the boy or boys never went public, and Mason, despite filing suit against Pearlman for unpaid legal fees, says he never heard a single reliable account of improper behavior on Pearlman's part. Almost from the moment Pearlman achieved his first real success in the music industry, in 1997, the foundations of his little empire began to quake. It started when one of the Backstreet Boys, Brian Littrell, couldn't understand why he was seeing so little income from their nonstop touring and European record sales; Littrell hired attorneys who calculated that, while Pearlman had taken in several million dollars in revenue since 1993, the five singers had received barely \$300,000, about \$12,000 per member each year. Littrell sued, and in May 1998, his bandmates joined the litigation; during discovery they learned that, among other things, Pearlman was paid as the sixth member of the band. "He totally deceived me," Kevin Richardson told Rolling Stone in 2000. "It's 'We're a family, we're a family,' then you find out 'It's about the money, it's about the money, it's about the money.'" Pearlman and the band eventually reached a series of settlements, details of which were never disclosed. In general, the band got cash and its freedom; Pearlman retained a portion of its future revenues. In the wake of the Backstreet lawsuit, Pearlman's bands began to realize how much of their income was flowing to Big Poppa. One by one they sued or disbanded. Despite success in Europe and Asia, Take 5 broke up in 2001; LFO, after two top-10 singles, did the same. The biggest loss by far was 'NSync, whose members sued, settled, and broke all ties with Pearlman in 1999, a struggle memorialized by the title of their platinum-selling 2000 album, No Strings Attached. None of 'NSync's members would comment for this article, but in a 2006 interview, Justin Timberlake said the band felt it "was being financially raped by a Svengali." After that, the lawsuits just kept coming. The Backstreet Boys' first managers, Jeanne Williams and Sybil Hall, sued. Phoenix Stone sued. Pearlman ran up \$15 million in legal bills with just one lawyer, J. Cheney Mason. Yet even with all the legal fees, Pearlman, who retained royalty interests in both 'NSync and the Backstreet Boys, was still swimming in cash. He bought the 12,000-square-foot lakeside mansion in suburban Windermere, along with two condominiums in Orlando, a waterfront condo in Clearwater, two Las Vegas penthouses, a house in Hollywood, and an apartment in Manhattan. He had at least two Rolls-Royces. The slowing of the boy-band craze in 2001 and 2002, however, meant Pearlman needed new income streams to keep paying his investors. He signed a slew of new artists, but none, other than Nick Carter's brother, Aaron, a solo act, had any real success. Pearlman tried to break into Hollywood, developing a script titled Longshot, written by Tony DeCamillis, the once banned stockbroker. As its stars Pearlman cast one of his singers, a teenager named Joey Sculthorpe, more than a dozen Trans Con artists, and Britney Spears, the Rock, and Justin Timberlake in a series of cameos. Released in 2002, Longshot was a complete flop. According to one source, the movie cost \$21 million and brought in barely \$2 million. Chastened, Pearlman next attempted to capitalize on his image as a molder of young talent, co-producing the successful Making the Band series for ABC and MTV and, in September 2002, acquiring a controversial talent-scouting bureau known as Options Talent. The Options acquisition proved a nightmare; several of its executives had criminal records, and its clients, mostly young people seeking careers in acting and modeling, had filed hundreds of complaints with Better Business Bureaus around the country alleging they had received little in return for fees they paid. Under Pearlman, Options endured a series of name changes, a lengthy Florida state investigation into its methods—Pearlman was never charged with any wrongdoing—and a 2003 bankruptcy before emerging as a new company called Talent Rock, a small and rarely profitable business that held open casting calls for singers, actors, and models at venues around the U.S. and Mexico. While Pearlman's celebrity dimmed, he remained a star in Orlando, where he was given a key to the city and named an honorary sheriff's deputy. In 2003 he used this goodwill to strike a deal with the city council to assume control of the Church Street Station complex, a cluster of historic buildings in downtown Orlando. Promising to refurbish the complex and create 500 jobs, Pearlman relocated all his businesses there, and, despite construction delays, the opening of several restaurants and stores in the next several years slowly brought Church Street back to life. Still, by 2004, Pearlman had yet to find anything to replace the income lost from Airship International, 'NSync, and the Backstreet Boys. He continued pumping out new singing groups, including a Latin boy band and a Euro boy band called US5, but none caught fire. Yet his hundreds of investors still needed to be paid. In time he faced the squeeze every Ponzi scheme ultimately confronts—where to find new cash to pay the old investors. In 2003, with his cash crunch growing worse by the month, he began taking out bank loans. In the next three years, in 13 separate loan packages, Pearlman pledged every asset he possessed in return for cash: the condominiums, the mansion, Church Street, his three airplanes, even his shares of band royalties. In return he received about \$156 million. Just as important, he gained time. The mind-boggling thing is that not one of Pearlman's new banks discovered that the emperor had no clothes. Not one realized that his largest asset by far, Trans Con Air, didn't exist. Not one realized that his financial statements and tax returns were a tissue of lies. In hindsight, these deceptions should have been easy to discern. All it would have taken was a single phone call to Harry Milner, the attorney who signed Pearlman's returns. Milner wouldn't have come to the phone. Because he was a dead man. For Pearlman, the beginning of the end came in mid-2004, when 72-year-old Joseph Chow succumbed to pancreatic cancer

in a Chicago hospital. Over the years Chow had become Pearlman's dream investor, a virtually unlimited source of money with total faith in Pearlman's promises of future riches. The loans, however, were a source of tension within the Chow family. "From the very beginning, my mom was very skeptical of Lou Pearlman," recalls the Chows' 32-year-old daughter, Jennifer. "She didn't trust him. My parents argued about it quite a bit. She had me talk to my father a number of times, to see if we could get some money out. Or slow it down. My father would get very defensive. He just had so much confidence in Lou and everything he told him. He was always promising to expand into TV, movies, recording studios, the charter-airline business. He was always promising there would be an I.P.O." When Joseph Chow died, his family, faced with a large bill for estate taxes, had an uncle approach Pearlman about repaying the loans. "He told my uncle that he would think about it and try to work out a payment plan," Jennifer says. "My uncle essentially responded, 'What's the situation with the I.P.O.?' Lou sounded skeptical. That's when Lou said to him, 'If anything, Joseph's investments are worth maybe 10 cents on the dollar.' We were pretty stunned. Then Lou comes back and says he could repay a hundred thousand every quarter or so until the full \$14 million was paid down. That wasn't really acceptable." The Chows hired a lawyer. Before they could do more, however, Pearlman sued them, in a Chicago court, seeking to stop the family from demanding repayment. "We get sued and I'm scratching my head: why the hell does this guy want to be in my jurisdiction instead of Florida?" remembers the Chows' attorney, Edwin Brooks. "It turns out the courts down there all have his number. They're all sick of him." Filed in late 2004, the centerpiece of Pearlman's lawsuit was what's called a "forbearance letter," in this case a one-paragraph note signed by Joseph Chow saying, in essence, that his loans could be forgiven if Pearlman didn't feel like repaying. To Brooks the letter made no sense: why would anyone forgive \$14 million in loans? "What really got me, late one night, poring over all these documents, was that Joseph Chow's signature looked familiar," Brooks recalls. "And so that's when I started going through the notes my client had signed. Then I saw it. I grabbed one of the old letters, with his signature, held it up to the light, and compared it to the forbearance letter. The signatures were identical. Absolutely identical. You lay them over the top of each other, it's one signature. At that point I realized I was looking at a forgery." It would take another year, however, Brooks says, to gather the original loan documents, hire experts, and prove it. In the meantime, after a counterclaim against Pearlman was filed, discovery got under way. Needing to study Pearlman's finances, Brooks subpoenaed the accounting firm that had certified his financial statements. The firm's name was Cohen & Siegel; it was the same firm that had been furnishing Pearlman's statements since at least 1990. But when Brooks dispatched a process server to the firm's Coral Gables headquarters, "the process server calls back and tells me, 'There's no accounting firm at this address, just a secretarial service,'" Brooks recalls. "At which point I realized I was onto something." Brooks deposed the woman who ran the secretarial service. She said Cohen & Siegel had no offices or employees she knew of; Pearlman had simply paid her to take calls on its behalf. When a call came in, she forwarded it to Pearlman himself. "He paid for the whole thing," Brooks says. "I realized there was no accounting firm." Not long after, Brooks discovered a Cohen & Siegel Web site, apparently a new one. "Lou claimed it was a German accounting firm, but it was a joke," Brooks says. "It had no contact information. We hired investigators to find it. It didn't exist." By the middle of 2005, the Chow family and its attorney had solid evidence Pearlman had perpetrated a massive fraud. Other investors, however, knew nothing of this and continued to shovel money Pearlman's way. He needed it—badly. By 2006 few if any of his remaining businesses—a handful of obscure bands, Talent Rock, Planet Airways, the recording studio, the delis, and a few restaurants—were making money, yet Pearlman, thanks to bank loans, kept mailing interest checks to hundreds of investors. He was able to borrow from an Indiana bank as late as August 2006, but by then he was all but broke. Soon after, investors stopped receiving their checks. That September, Steven Sarin, the dentist, heard rumors of the Chow family's litigation. Sarin's family had given Pearlman so much money—\$12 million—that he still lived in a studio apartment, awaiting the day Pearlman went public. When Sarin telephoned, Pearlman dismissed the Chow litigation as a mix-up. A few weeks later he went to Queens and met Steven Sarin and his brother, Barry, at their usual spot, Ben's Deli, in Bayside. Barry demanded his money back. "Lou said, 'No problem—I can pay you back with one hubcap from my Rolls-Royce,'" Steven recalls. "He showed us a financial statement showing we're doing phenomenal. He told us Trans Con had 60 jets. It was only after the meeting was over, I remember, I noticed for the first time in 22 years he didn't use a credit card for the meal. He paid in cash." The Sarins would never see their money again. Nor would many of Pearlman's aides, including Frankie Vazquez Jr., who had been at his side since boyhood; Vazquez's father had been the super at Mitchell Gardens. In early November, when Vazquez sought to withdraw a portion of the \$100,000 or so he had with Pearlman, "Lou told him he was on his own, the money was gone," recalls Kim Ridgeway, a friend of Vazquez's. "After all the years Frankie had devoted to Lou, he turned his back on him. Frankie, I knew, felt totally betrayed." Afterward, Ridgeway says, Vazquez grew distraught. He couldn't sleep. On November 11, a neighbor heard a car running for several hours in his garage. Police were called. Opening the garage, they found Vazquez sitting in his white 1987 Porsche, the motor running, a T-shirt wrapped around his head, dead. The state of Florida's Office of Financial Regulation began examining Trans Con's eisa program after investors started complaining in the fall of 2006. Pearlman did his best to delay state auditors, but when word of the probe leaked to the press in mid-December, he knew the end was near. According to one report, he attempted to buy an apartment in Berlin, but the purchase fell through. He began selling or giving away his automobiles, including a Rolls, and laying off Trans Con employees. He stopped paying his banks, and they began to sue. Every day last January seemed to bring a new lawsuit. Just days before the state filed its own lawsuit charging Pearlman with operating a Ponzi scheme, a group of banks petitioned an Orlando judge to place Trans Con in bankruptcy. An attorney named Jerry McHale was assigned to begin liquidating Pearlman's assets. By the time McHale entered Trans Con's offices on February 2, there had been no sign of Pearlman for weeks. "The situation was a disaster," McHale recalls. "There were actually no employees left when I arrived. It appeared that everyone was aware that this thing was falling apart and had just left." That same day, Pearlman wrote an e-mail to the Orlando Sentinel from Germany, where the night before he and his band US5 had attended an industry awards show. While declining to comment on the allegations

against him, he said, "My executive team and I are working hard to resolve the issues." It was over. In mid-February the F.B.I. raided Pearlman's mansion, hauling out cartons of documents and quizzing his assistant when he drove up in Pearlman's last Rolls, a bright-blue model with "LP" license plates. At the same time, Jerry McHale gained entrance to Pearlman's office computers and realized the enormity of the scandal. All told, McHale identified \$317 million in missing money that was supposed to be in Trans Con's eisa accounts, not to mention the \$156 million in vanished bank loans. There was no money left. McHale got busy selling Pearlman's remaining real estate and his last functioning business, Talent Rock, for next to nothing. His only real success came when he received an anonymous tip that Pearlman, wherever he was, was attempting to transfer \$250,000 from an account at the Bank of New York to Germany. McHale managed to get the money frozen before it left the U.S. By the time McHale wrapped up his work, in April, there had been no reliable sighting of Pearlman for six weeks. There were reports he had been seen in Israel, Belarus, and Brazil. Every day more angry investors thronged to one of several blogs dedicated to the scandal to pour out their rage and hatred. But Big Poppa was gone. Thorsten Iborg, a 32-year-old German computer programmer, arrived on the Indonesian island of Bali on June 9, checking into the five-star Westin Nusa Dua resort for a scuba vacation with his wife. After a day or two, Iborg noticed a pale, overweight American on the terrace. Back in Germany he had seen a newsclip about boy bands, and he was certain the man was Pearlman. Later, Iborg found himself sitting beside the man in the hotel's Internet café. It was him. He was sure. Pearlman arrives at court in Orlando, Florida, on July 11, 2007. Joe Burbank/MMCT/Landov. At breakfast on June 14, Iborg secretly snapped a photo of the man. Scanning the Internet, he found a blog written by a St. Petersburg, Florida, newspaper reporter, Helen Huntley, which was jam-packed with articles and complaints written by people Pearlman had scammed. Iborg uploaded the photo and e-mailed it to Huntley. Huntley turned everything over to the F.B.I. Agents attached to the American Embassy in Jakarta appeared at the Westin the next day and led Pearlman away; he had been registered under the name "A. Incognito Johnson." His passport stamps indicated he had spent time in Panama before arriving in Bali. U.S. marshals loaded him onto a plane to Guam, where he remained in jail for nearly a month before being returned to Orlando in mid-July. At the end of June, federal prosecutors had announced his indictment, on three counts of bank fraud and single counts of mail and wire fraud. More indictments are expected. Today, Pearlman sits in Orlando's Orange County Jail. Repeated calls to his court-appointed attorney went unreturned. He is scheduled for trial next spring. A few days after Pearlman was returned to Orlando, I drove through the gates of his sprawling lakeside mansion, amid the steamy walled communities west of the city. The house, which had been on the market for months, was vacant. Weeds grew in the side yards. The pool, housed in a mosquito-proof enclosure out back, remained a brilliant blue. Down by the lakefront, where Spanish moss dripped from towering pines, the water lapped quietly against the shore. A back door was unlocked, allowing entrance into his wood-paneled office. The house was still. Blueprints lay on a kitchen counter. Pearlman had ambitious plans for his compound, envisioning a massive, 30,000-square-foot edifice complete with indoor and outdoor performance stages and a bowling alley. In the marble foyer, twin staircases curled up to the second floor, like something out of Sunset Boulevard. In the master suite, all that remained was a hulking, four-foot steel safe. Wires sprouted from the walls. I could just make out impressions on the carpet where Pearlman's bed had stood. Outside, the real-estate agent, Cheryl Ahmed, met me in the driveway. She had gotten the listing from Pearlman's assistant but hadn't heard from him since Easter. "You hear a lot of stories about what went on," she says. "Big, big parties. Lots of pretty boys. Lots of boys." Later, I chatted with the couple who live next door. They never saw much of Pearlman, they say, but he was always polite when they did. Parties? Not many, they say. In fact, the only time they ever wondered about their neighbor was several years ago, when a gardener motioned toward Pearlman's mansion and made what seemed like a strange comment. "If you have a little son," the gardener said, "don't let him go to that house. Bad things happen there." Bryan Burrough is a Vanity Fair special correspondent.