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A Tycoon's Deep-State Conspiracy Dive

Patrick Byrne, of Overstock, had always been outspoken. Did an affair with a Russian agent push him too far?

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In July, 2015, Patrick Byrne, the founder of the online discount retailer Overstock, delivered a twenty-minute talk at FreedomFest, the annual libertarian conference in Las Vegas. Other speakers included the venture capitalist Peter Thiel; John Mackey, the chief executive officer of Whole Foods; and the Presidential candidate Donald J. Trump. Byrne's talk, entitled "Turtles All the Way Down: How the Crypto-Revolution Solves Intractable Problems on Wall Street," was a version of one he had given many times before. It touched on several of his interests, including the kind of liberalism usually referred to as libertarianism, the flaws in the structure of the stock market which make it vulnerable to manipulation, and how a blockchain-based financial system could eliminate those flaws. After the talk, a line of people waited by the stage to speak to Byrne. Standing a little apart from them was a young woman with thick red hair, a pale, wide face, and a Russian accent. Introducing herself as Maria Butina, she said that she was the president of a Russian gun-rights group. Judd Bagley, a former Overstock executive who accompanied Byrne to the conference, recalled that, after the exchange, Byrne had "a little sparkle in his eye."

At the time, many people in the business world considered Byrne to be an almost clairvoyant entrepreneur. In early 2000, years before Amazon and eBay popularized the practice known as "dropshipping," Overstock, which sells furniture and household goods, allowed third-party vendors to send items directly to customers through its Web site. In 2004, a year before Amazon Prime was introduced, Byrne launched Overstock's Club O membership program, which gave shoppers a year's worth of shipping for a flat fee. And in 2014 Overstock became the first major retailer to accept bitcoin for purchases.

Byrne is the son of John J. Byrne, an insurance magnate whom Warren Buffett, a family friend, once called "the Babe Ruth of insurance." Patrick Byrne has a Ph.D. in philosophy from Stanford and regularly cites Friedrich Hayek, Martin Luther King, Jr., and the conservative economist Thomas Sowell in conversation. Former employees describe a memory trick he likes to perform, in which he studies a deck of cards for a few minutes and then recites back the order of the cards, one by one. "When he's on, he's smart, charming, complex, and brilliant," Marc Cohodes, who was once a critic of Overstock and is now an investor in the company, told me. Byrne is also a showman; in 2014, he arrived at the breaking-ground ceremony for Overstock's new

headquarters, in the suburbs of Salt Lake City, by parachute, tearing off his flight suit to reveal a tuxedo.

Byrne was best known for waging a sensational legal battle with several investment firms and stock traders in the early two-thousands. He accused them of colluding to drive down the stock prices of various companies, including his own—a claim that seemed unlikely, even preposterous. He was mocked for the outlandish, bullying ways in which he presented his findings. “Everyone said for years, ‘Patrick Byrne is crazy,’ ” John Welborn, an economics lecturer at Dartmouth College who has worked as a consultant for Byrne, told me. But, shortly after the financial crisis began, Byrne’s suspicions were confirmed, and regulators soon cracked down on the practice he’d described.

Since then, Byrne has fashioned himself as a whistle-blower on financial malfeasance, using his Web site, Deep Capture, as a platform. The posts on the site are filled with cartoonish euphemisms (“Men in Black” for F.B.I. agents) and bombastic prose (“I swam around on Wall Street 2005-2008 drawing fire from the Establishment”), and they feature blocks of italicized text, lists, layers of footnotes, endnotes, and links to further reading. Byrne’s accounts of his battles with high finance include descriptions of yearslong collaborations with the F.B.I. and Mafia plots to kill him. Critics note that Byrne often exaggerates his importance, includes only details that support his theories, and has made false claims about his adversaries. (In 2016, a Canadian court found that he had committed libel against a businessman and ordered him to pay a million dollars.) David Luban, a professor of law at Georgetown University who has known Byrne since teaching him as an undergraduate, observed that improbable things seem to happen to Byrne with remarkable frequency. “He’s a hard man to bet against,” Luban said. “So many of his stories that have seemed utterly incredible turn out to be true.”

For a decade, Byrne, who is a prominent figure in libertarian circles, was the chair of an educational foundation launched by the free-market economists Milton and Rose Friedman. On his second day at FreedomFest, after he spoke on a panel, Maria Butina approached him again. This time, she said that she was a special assistant to the deputy governor of Russia’s central bank, Alexander Torshin. According to Byrne, she told him, “We know about you, we know about your relationship with Milton Friedman, we watch your videos on YouTube about liberalism.” She asked if she could meet with him privately, and Byrne invited her to have lunch in his suite.

Byrne told me that he immediately wondered if Butina was a “red sparrow”—a reference to the 2013 novel that was turned into a film starring Jennifer Lawrence, in which a former ballerina becomes a spy for the Russian government, seducing and killing her targets. Before their lunch, Byrne said, he crafted sharp weapons from two coat hangers, which he stashed under the bed and under the sofa, and made a mental note to keep a close watch over his food and drink.

He was surprised to discover that Butina was an intellectual. They spent an hour and a half talking about Chekhov, Dostoyevsky, John Locke, and the Austrian school of economics. Butina said that she had been born in Siberia and placed in an élite educational program. She claimed to be close to several oligarchs, a few of whom were powerful politicians who believed that she

could become President someday. She invited Byrne to speak about cryptocurrency and liberalism at an event in Russia, and, before she left, she proposed that they stay in touch as he planned his visit.

Byrne said that he knew “the number you were supposed to call if you had something strange happen to you, like a good-looking Russian gal comes up to you and says, ‘We want you to come to Russia.’ ” He claims that he reported the interaction, assuming that it would reach the F.B.I., which would likely instruct him to stay away from Butina. Instead, he said, federal agents came to see him, and after some discussion they gave him permission to meet with her again.

Byrne is a bachelor who likes to say that his “Acts I and II” of a relationship are “dynamite,” but that he has “no Act III.” What followed was an on-and-off romantic affair that lasted for a year and a half. During this time, Byrne claims, he was informing on Butina to the F.B.I. (The F.B.I., in accordance with policy, will not confirm any meetings or relationship with Byrne.) Byrne described the twists and turns of his exchanges with Butina and with his F.B.I. handlers in a widely circulated series of posts, written in his digressive, heavily footnoted style, that he published on Deep Capture in the summer of 2019. They lay out a complex narrative reminiscent of the plot of a John Le Carré novel. Byrne explains that, in time, he came to distrust the federal agents he was working with, believing that they were manipulating him and setting up Butina. In July, 2018, Butina was arrested and charged by the Department of Justice with acting as an unregistered foreign agent for the Russian government. She was sentenced to eighteen months in prison. By then, Byrne’s suspicions about the F.B.I. had crystallized into a belief that he had been part of a plot by high-ranking members of the Obama Administration to commit political espionage, in an attempt to control the next President.

Butina’s arrest came at a time when the country was fixated on stories of Russian interference in the 2016 election. That month, the special counsel Robert Mueller indicted a dozen Russian intelligence officials. Butina, a beguiling and ambitious young woman who courted powerful men and fetishized guns, captured the public imagination. New details continued to emerge: Days after the election, she had held a costume birthday party at which she was dressed as Empress Alexandra and reportedly boasted about being involved in the Trump campaign’s communications with Russia. She had enjoyed a Thanksgiving dinner with Representative Mark Sanford, Republican of South Carolina. She’d attended a Styx concert with J. D. Gordon, a Trump campaign aide, and had befriended the anti-tax activist Grover Norquist. Then, in July, an article appeared detailing her affair with Byrne.

In August, Byrne suddenly resigned from Overstock, the company that had been at the center of his life for two decades. Hours after his resignation, he appeared on the Fox Business Network wearing a red “Make America Grateful Again” baseball cap. When the host, David Asman, asked him why he had resigned, Byrne smiled, saying that he had left Overstock in a “perfect place.” But, he said, “I’ve been warned that, if I come forward to America, the apparatus of Washington is going to grind me into dust.” He made a pummeling gesture with his hands. “I have to get that away from the company.” He claimed that he had been unwittingly drawn into a scheme of high-level corruption—he referred to “fishy” orders from “honorable federal agents”—that was part of a plot perpetrated by the deep state against Trump and other political

leaders. He jumped from subject to subject, twice almost breaking into tears. To viewers, it looked like a moment of psychological unravelling. Nearly all his claims were exaggerated, false, or unproven. “The bottom line is: it’s a big coverup,” Byrne said, sounding anguished. “There was political espionage conducted against Hillary Clinton—Hillary Clinton, Marco Rubio, Cruz, and Donald Trump.” He continued, “This isn’t a theory of mine—this isn’t a political position. I was in the room when it happened. I was part of it.”

In the past five years, conspiracy theories that might once have seemed fringe have come to be embraced by millions of Americans. One of the most prominent, QAnon, holds that leading Democrats engage in Satan worship and in child-trafficking rings. Another suggests that Supreme Court Justice Anthony Kennedy was coerced into stepping down, in 2018, to protect his son, formerly a Deutsche Bank employee, from being implicated in the ongoing Russia investigation. Byrne’s beliefs about a deep-state plot rivalled these in baroque complexity and seemed equally fantastical. Marc Cohodes, the Overstock investor, said that Byrne looked “like a nut.” But other people close to Byrne suggested that his ideas, like many conspiracy theories, might contain seeds of truth. Jonathan Johnson, who replaced Byrne as the C.E.O. of Overstock, recalled the mid-two-thousands, when Byrne was pilloried during his crusade against Wall Street. “From 2005 to 2008, he was made to look crazy, and in 2008 he was vindicated,” Johnson told me. “I don’t know all the facts on this, as I did with the Wall Street stuff. But I do know Patrick, and it won’t surprise me at all if he is vindicated again.”

Last month, Butina published a memoir in Russia, “Prison Diary,” about her time in D.C. and her experience in the American penal system. Her description of the romance with Byrne is broadly consistent with his, although he suggests that she was better connected politically than she claims to have been. Robert Driscoll, Butina’s attorney, told me, “Although Patrick’s story seems far-fetched, the parts of it that I could verify with Maria I was pretty much able to verify. It makes me not dismiss the rest of what he says out of hand, even though some of it’s pretty wild.”

Byrne has insisted that he is not a Trump supporter, but his Deep Capture posts feature a common right-wing theory that has been promoted on social media, on Fox News, and by President Trump: that coöperation between the Trump campaign and Russia, which sparked an F.B.I. investigation, was a hoax perpetrated by Democrats, or, as Trump has put it, a “collusion delusion.” Shortly after Trump was elected, he began warning his followers that longtime employees of the federal government would try to sabotage his agenda. In May, 2019, Attorney General William Barr appointed John Durham, the United States Attorney for the District of Connecticut, to look into the origins of the F.B.I.’s Russia investigation, and into what Barr has described as political spying against Trump.

In late January, I met Byrne at his suite in the Gramercy Park Hotel, in Manhattan, where he was staying. He had just returned from Southeast Asia, where he had devoted himself to scuba diving and writing the Deep Capture posts about Butina. He is broad-shouldered, with dirty-blond hair and a weathered, square-jawed face. He seemed at once energized and exhausted, restlessly opening snacks from the minibar and searching for a pencil and a pad of paper. “When I’m talking to people, I often take notes or sketch things out,” he said, rubbing his forehead. He mentioned Barr, whom he considered a hero, and said that Durham’s investigation would reveal

the extent of the conspiracy in which he was an “unknowing pawn,” and would result in “a stack of indictments.” He hinted at revelations that, he said, he was not yet at liberty to share. “At the very latest, after the coming election, I will reveal something, no matter who wins,” he told me. “There are basically two different realities emerging. And, unfortunately, the truth is not really either of them.”

At the time, few Americans were talking about covid-19, which had sickened nearly three thousand people in mainland China, according to official reports, leading to a national lockdown. But Byrne had cancelled trips to Florida and Singapore because of it. He was intrigued by the theory, which has since been widely discredited, that the virus had been created in a “giant Chinese bio-weapon lab.” If the virus became a pandemic, he said, the best way to handle it would be for the government to shut down all movement. “Everyone’s got to have the ability to just stay in their homes for two weeks,” he told me. “So you want to have thirty days of food in your home.” He urged me to go to Overstock’s survival section and buy a backpack of food that could feed a family of four for thirty days, for around two hundred and forty dollars.

Byrne has been a survivalist since before the financial crisis. In the early two-thousands, sensing an imminent collapse and fearful of a breakdown of civil society, he bought a handgun and sought a disaster-proof retreat. “I wanted a place to go when zombies walk the earth,” he said. He looked at six or seven properties before buying a ranch with more than a hundred acres, in the middle of national parkland in the Rockies. The ranch, which Byrne calls his “batcave,” is a five-hour drive from the nearest airport and is equipped to sustain sixty people for two years, with a stockpile of weaponry and a sealed mine shaft where agricultural supplies and water are stored. He seemed galvanized by the idea that the day he had spent so long preparing for might finally have arrived. “This is why these shows like ‘The Walking Dead’ are so interesting,” he said. “The real drama is about human society, and how fragile human society seems to be—these things we take for granted, and, if they fail, how quickly they unspool.”

Byrne, who was born in 1962, in Indiana, credits his father for his preoccupation with the possibility of societal collapse. John Byrne wrote his senior thesis, at Rutgers, on the fragility of the Social Security system, and, at the dinner table, he shared his economic thinking with Patrick, his older brothers, Mark and John, and their mother, Dorothy. “I grew up with this idea of actuarial soundness,” Byrne said. “The United States government, from the nineteen-thirties on, became a big insurance company, and it has not been running on an actuarially sound basis.”

In 1976, John Byrne was hired to run Geico, the automobile-insurance company based in Chevy Chase, Maryland, which was going bankrupt. A few months later, he was invited to meet with Warren Buffett, who was buying a significant percentage of Geico’s stock, betting that it would recover. After the meeting, John told Dorothy and the children that he was cancelling the order they had just placed for a new Chevy Vista, and investing the seven-thousand-dollar deposit in stock in Buffett’s company Berkshire Hathaway. According to Byrne, in the next decade John Byrne built Geico into a household name. In 1995, Berkshire Hathaway became Geico’s sole owner. (Buffett did not respond to questions, but he said in a statement that he had known Patrick Byrne and his family for more than forty years, and called Byrne “very intelligent and

patriotic.” He added that, when Byrne recently visited him in Omaha, “though I knew nothing about the subject he was describing, I told him to follow his conscience.”)

Byrne earned an undergraduate degree in philosophy and Asian studies at Dartmouth. He spent a year studying in Beijing, where he contracted hepatitis C while being treated for a head injury. David Luban, who supervised one of Byrne’s undergraduate theses, on Karl Marx, recalled that, on his return to Dartmouth, Byrne was very taken with the writing of Noam Chomsky, and in particular with the idea that U.S. foreign policy had been co-opted to serve corporate interests. “He’s had this very conspiratorial mind-set for almost as long as I’ve known him,” Luban said.

In 1985, Byrne was given a diagnosis of testicular cancer. The disease had spread throughout his body, and he underwent three open-chest surgeries in nine days. He was later invited to participate in the trial of an early-stage experimental drug. Byrne claims that, of the six participants, he was the sole survivor. Delivering a speech at a fund-raiser, in 2000, he said that he had been inspired in his recovery by a high-school wrestling coach: “If you ever go through something like this, what you do, if you don’t feel tough enough, is you think of the toughest, baddest, meanest cat you know, and you just pretend you’re him.” Byrne’s cancer has returned intermittently throughout his life. He told me that he had also been given diagnoses of Asperger’s syndrome, and, perhaps as a result of his health crises, of post-traumatic stress disorder. Many of his friends mentioned his medical history as a cause for some of his more mercurial behavior. “It changes the way you look at things,” Cohodes said. “You don’t have time. You view the world as a very short runway, not a long runway.”

Byrne studied at Cambridge as a Marshall Scholar, then, at Stanford, wrote his philosophy thesis on the intellectual origins of the U.S. Constitution. “He was already staking out some version of libertarianism,” Luban said, adding that the thesis was five hundred and eighty pages long. “Patrick was trying to pull everything in there.”

Buffett was a mentor to Byrne, and in 1998 he asked Byrne to run one of his companies, the Cincinnati-based uniform manufacturer Fechheimer Brothers. The following year, Byrne invested four million dollars in Discounts Direct, a struggling company based in Salt Lake City that sold furniture, electronics, and other inventory that distributors wanted to get rid of. Byrne renamed the company Overstock and resolved to price products as cheaply as possible, and to keep costs low. In 2001, he introduced a sub-brand called Worldstock, which sold products created by artisans in developing countries.

Byrne had an idiosyncratic style. His investor letters featured boxing analogies and quotes from the ancient Chinese philosopher Lao-tzu. He was regarded by the media and by investors as, alternately, a maverick business visionary and a narcissistic leader whose family wealth insulated him from the consequences of his actions. As rival online retailers, including Amazon and Wayfair, successfully raised capital, he struggled to get outside funding for Overstock. Byrne has often said that he sought backing from dozens of venture capitalists—the number has ranged, in his telling, from fifty-five to eighty-five—all of whom turned him down or offered terms that he found unacceptable. Nevertheless, in 2002, Overstock showed its first quarterly profit. That year, Byrne sought to raise capital by selling Overstock shares to the public without the help of

investment banks, through a so-called Dutch auction. (Two years later, when Google went public, it used a version of a Dutch auction.) For employing this strategy, Byrne said, “I was told, ‘You’ll be a pariah on Wall Street for life.’ ”

Byrne was more focussed on expanding his company than on profits, and he launched several new businesses under the Overstock umbrella—including one that sold used cars—which he later abandoned. The early two-thousands were an active period for short sellers—traders who specialize in finding troubled companies and betting that their stock will go down. Short sellers often portray themselves as doing a public service by identifying companies that are committing accounting fraud or selling faulty products, but they have also been accused of manipulating companies’ stock, sometimes by driving negative press attention. In 2004, Cohodes, a partner at a hedge fund called Rocker Partners, and David Rocker, the fund’s founder, shorted Overstock after concluding that Byrne was making untenable promises about its financial performance. Soon afterward, financial journalists began to publish articles about Rocker’s allegations. Other funds also established short positions in Overstock. Byrne retaliated, accusing the financial journalists of being “condoms” used by the hedge funds. This inevitably led to further negative press. In 2006, the S.E.C. began to investigate Overstock for misstating its earnings. Byrne claimed that this, too, was the result of lobbying by short sellers.

Many people blamed Byrne’s obsessive and vindictive behavior for the fluctuations in his company’s stock price, but Byrne believed that the company was a victim of “naked short selling”—a largely illegal form of stock manipulation, not widely discussed at the time, in which a trader, selling short stock that he or she hasn’t actually borrowed, can potentially put overwhelming downward pressure on a company. The selling of such phantom shares was possible because of a three-day lag that was built into the process of settling trades. This weakness, Byrne believed, had the potential to destabilize the stock market, likely with disastrous consequences.

Byrne became increasingly distracted from managing the company, spending most of his time gathering evidence and waging a publicity war against his adversaries. In August, 2005, he filed a lawsuit against Rocker Partners, alleging that it had defamed Overstock and engaged in naked shorting. On a conference call, Byrne told analysts and investors that he was naming the scheme at the heart of his lawsuit the Miscreants’ Ball—after the Predator’s Ball, a nickname for the annual gathering held in the eighties at the Beverly Hilton Hotel, and hosted by the financier Michael Milken, who in 1990 pleaded guilty to racketeering and securities-fraud charges. (Milken was pardoned by Trump earlier this year.) Byrne claimed on the call that he had been under surveillance and that his communications had been intercepted. In addition to Rocker Partners, he identified as possible conspirators the hedge-fund investor David Einhorn and a handful of business reporters at the *Wall Street Journal*, *Barron’s*, and *TheStreet.com*. He also mentioned the New York attorney general at the time, Eliot Spitzer, referring to donations that he said Spitzer had received from hedge funds. Byrne suggested that the head of the scheme was “a master criminal from the nineteen-eighties,” whom he dubbed the Sith Lord. He believed that these entities, along with the hedge funds, planned to crush the company’s stock so that they could take control of Overstock.

The press seized on the bizarre way that he had communicated his allegations. A *Post* headline read “overstock ceo stuns with wild, wily rant.” John Welborn, the economics lecturer, told me that Byrne had “expected the world to go into the breach, and nobody followed him into the breach.” He said that Byrne had been left wounded. “Although I think it suited Patrick’s personality to be the lone warrior,” he added. Several months later, John Byrne resigned as chairman of the Overstock board of directors.

Judd Bagley joined Overstock in 2006. He was initially put off by Byrne’s theatrics, but after seeing the evidence that Byrne had collected, including trading records and internal e-mails, he became convinced that Byrne had uncovered serious misconduct. “The problem was, it was pretty esoteric,” Bagley said. “It was very difficult to educate journalists, because there was so much, and it was so counterintuitive.” The two men decided “to create our own thing and use social media to get around the media filter.” They also documented on Deep Capture Overstock’s battle with short sellers. Cohodes, who renamed his fund Copper River Partners after Rocker left, in 2006, told me that Byrne had employed some people who were “quite distasteful” to engage in bitter arguments that played out on blogs and on short-selling message boards. “These days, you’d call them trolls,” he said.

Byrne has claimed that his work exposing naked shorting resulted in death threats. After he went public with his allegations, he was summoned to a Thai restaurant in Great Neck, Long Island, where he and two associates met a man who warned them that Russian gangsters were planning to kill Byrne for having exposed a profitable source of income. The man told them that he had received a package containing *matryoshka*, Russian nesting dolls, with Byrne’s name on a slip of paper inside the smallest one. Around that time, Byrne said, someone threw a pair of garden shears through the window of the Manhattan restaurant that his girlfriend managed.

Byrne arranged personal security for himself and several of his friends. “Those were really strange days,” Bagley said. “I was getting constant telephone calls, and weird, cryptic messages on message boards, warning me and my family.” In response to the threats, Byrne contacted the F.B.I.’s New York securities-crime division. Byrne hasn’t specified how many meetings he had with the F.B.I. between 2005 and 2008, but he has suggested that he worked with the Bureau to help identify the players who, by threatening him, were implicating themselves. Byrne also brought his findings about naked shorting to the Senate Judiciary Committee, which issued a letter acknowledging his research effort.

In 2007, the stock market began to collapse, the result of an extended period of reckless mortgage lending and the trading of mortgage securities. The S.E.C., in an emergency order, banned naked shorting of financial firms affected by the crisis. Byrne felt vindicated, but he barely stopped to celebrate. “Every time we felt like we had made some progress, it was never enough,” Bagley said. “It was that feeling of being on a treadmill—the solution was out there, discernible, but you were never getting closer to it.”

As the stock market crashed, Overstock and Copper River, still fierce antagonists, independently concluded that Goldman Sachs, which held Copper River’s accounts, had lent Copper River and other hedge funds shares for shorting that did not exist. This discovery led Overstock to file an

even larger case, against eleven brokerage firms, including Goldman Sachs and Merrill Lynch. Byrne's father later said that, after "much initial skepticism," he had decided that Patrick had been "right all along." In 2009, Byrne and Cohodes agreed to a settlement of their case in which Copper River paid Overstock five million dollars. In 2010, some of the big banks that Byrne had named in his second lawsuit settled their cases, too. (In 2015 and 2016, the remaining two defendants, Goldman and Merrill, settled with Overstock.)

In 2014, Byrne began developing a new division of Overstock, Medici Ventures, investing in a half-dozen blockchain-based companies in areas such as voting and land titling, and in a blockchain securities exchange called TZero. Byrne expected that most of the new businesses wouldn't make money for years, but he saw blockchain—a decentralized digital ledger system that could facilitate instant, transparent transactions—as a way to circumvent the banks. In a vote of confidence, Senator Rand Paul, a libertarian-leaning candidate for President, who was accepting political donations in bitcoin, appointed Byrne to his campaign's technology-advisory council.

That year, Byrne gave a speech at the Institute of World Politics. He wore a gray, Mao-style collarless suit, and spoke with clarity and wit about the complex short-selling abuses he had helped uncover. He went on to draw a connection—it was not clear what kind—between these abuses and an international syndicate of organized crime, which he catalogued with disorienting rapidity. The list included Italian and Russian mobsters, Milken, Islamic terrorists, and various banks and government agencies. The effect of the talk, a video of which is on YouTube, is to induce a sense that powerful figures, and the media, have been hiding vital information from the public.

Byrne also cited a passage from the controversial book "Who Killed Daniel Pearl?," by the celebrity French philosopher Bernard-Henri Lévy, a semi-fictional work of investigative journalism in which Lévy hypothesized that Pearl, the *Wall Street Journal* reporter who was killed by Al Qaeda operatives in Pakistan in 2002, had been about to uncover connections between Sunni financiers, Pakistan's security services, and Al Qaeda. "He had an experience quite like mine," Byrne said, citing a passage in which Lévy's Pearl observes that, "at the bottom of each new depth, there is always a new trap door opening beneath our feet." Cohodes told me that he had never known what to make of Byrne's extreme ideas about the relationship between high finance and international criminal syndicates: "Is there something to what he says? Absolutely. But it's so all over the place you don't know exactly what it is."

This past February, I visited Byrne at his ski chalet in the mountains outside Salt Lake City. Byrne's three cats, Che Guevara, Master Po, and One-Eyed Jack, were sprawled on sheepskin rugs, and Andy Warhol portraits of Mao and Franz Kafka adorned a wall. Byrne was shuffling around in his slippers, drinking kombucha and fretting about the coronavirus, which had surfaced in Seattle and New York City. He introduced me to a friend who was staying with him for a few days. "He wants to listen in to make sure I don't venture too far into the deep state," Byrne said. The friend said hello and then left.

The Deep Capture posts published between August and October, 2019, formed what Byrne came to think of as “the Butina trilogy.” In the first post, “Maria Butina and I, Part I: Meeting Maria,” Byrne describes how, two months after FreedomFest, and after exchanging many messages and apparently with the blessing of the F.B.I., he booked a two-bedroom suite for him and Butina at the Bowery Hotel. Butina told him that she had a boyfriend in Washington, but, Byrne told me, “it didn’t sound too serious—and one doesn’t ask, I suppose.” In case he had misunderstood Butina’s intentions, Byrne arranged to check in after her. When he arrived, he said, “it took about three seconds to understand that all this stuff was real and she had developed a crush on me.” Butina was an amateur powerlifter, and Byrne joked that he was helpless in the face of her physical advances. That weekend, he took her to the musical “Hamilton,” out for dim sum in Chinatown, and, he said, they ordered “a lot of room service.”

In “Prison Diary,” Butina excitedly describes her romance with Byrne. He was a Cambridge-educated “American oligarch” with “unruly golden hair” and “mathematical superpowers,” who, on a helicopter tour to see the Statue of Liberty, wore “a black silk Chinese suit with a curved dragon on his back.” She was travelling frequently to Washington, D.C., attending N.R.A. events and trying to get to know conservative politicians and policymakers. In December, she hosted a group of N.R.A. officials in Moscow. A few months later, she enrolled in a master’s program in international relations at American University. The boyfriend she mentioned was Paul Erickson, a fifty-four-year-old political operative who was paying many of her living expenses and was close to David Keene, the former head of the N.R.A. (Erickson pleaded guilty in 2019 to money-laundering and wire-fraud charges, and in July was sentenced to seven years in federal prison.)

Byrne recalled, of Butina, “She sounded like a young gal on the rise. I told her, ‘Do that all you want. If you feel like you want a break from your big-shot Republicans, let me know.’” In the months that followed, they met in Salt Lake City, D.C., and New York. According to Byrne, “There was a deep fondness that developed” between them. He compared the dreamlike rhythm of their assignments to the film “Lost in Translation.”

In time, Byrne writes on Deep Capture, “Maria’s pillow talk became less about John Locke and John Stuart Mill, and more about the U.S. political circles in which she was coming to swank around.” She said that her patron, Alexander Torshin, of Russia’s central bank, had encouraged her to focus her networking efforts “on Hillary, Rubio, Cruz, and Trump.” (Butina denies this, claiming that Byrne offered to introduce her to someone on the Clinton campaign.) Byrne says that he became increasingly suspicious, and continued to inform on Butina to the F.B.I. He was confused to find that his handlers seemed unfazed by his reports. Their attitude appeared to be: “Why are you so concerned about this Russian graduate student, anyway?” By January, he was alarmed. “They are being so indolent about reacting to Maria, it is almost like they are letting this develop on purpose,” he writes. In March, Butina told him that she was trying to meet Trump’s son Donald, Jr., at an N.R.A. conference. “Obviously, that was something that should not happen,” Byrne writes. “So I let the Men In Black know about it and proposed that I whisk Maria off to the Bahamas for that weekend.” Byrne claims that, to his surprise, his F.B.I. handlers told him that he should let the meeting take place. People familiar with counterintelligence investigations have pointed out that F.B.I. agents often watch a subject for

months, even years, before making an arrest. Driscoll, Butina's lawyer, told me he believed that Butina had been treated too harshly but was not convinced that the F.B.I.'s behavior, as Byrne describes it, was so unusual. Still, Byrne wondered, "if some foreign agent is here schmoozing around, and it is the act of the schmoozing around that creates the compromises and troubles . . . why let her do it?"

That spring, Butina invited Byrne to a conference in St. Petersburg. According to Byrne, she told him that he would have sixty minutes alone with President Vladimir Putin, with her as the translator. "Of course, it would have been an honor," Byrne writes, with naïve swagger. "My sense is also that he is quite intellectual: if so, it would also have been a chance to ask him questions and perhaps engage in some Milton-esque mind-openers with him (and he with me)." But, when Byrne asked the F.B.I. for permission to attend the conference, he says, they gave him a confusing answer, at once continuing to claim that Butina was "just a grad student" and suggesting that the Putin meeting was too dangerous. Finally, they asked him to break off the relationship with Butina. "So I did," he writes. "Roughly, by text. Curtly. Simply told her I was tired of being 'the other guy.' What was she going to say to that? It was unlike me not to be kinder." (Butina says that she told Byrne only that Putin might be at the conference. She also says Byrne told her that he had met another woman, whom he wanted to marry.)

Byrne mentions in a post that, around this time, he was having serious health problems. Friends say that they were deeply worried. In March, he took a leave of absence from Overstock. He was undergoing an experimental treatment for complications related to hepatitis C which "really affected him," Bagley told me. Some days, Bagley went on, "he was perfect, classic, brilliant Patrick." On other days, "he was absolutely just debilitated from the effects of the medicine." Luban observed another change. Byrne's reading had deteriorated from "Cato and libertarian Web sites" to "a steady diet of Ben Shapiro YouTubes." (Shapiro is a pro-Trump conservative commentator.) "I think he's expanded his repertoire for the worse—things I think of as fringe tweets," Luban said. According to Luban and others, Byrne became disillusioned with the American electoral process, in particular the way it disadvantages third-party candidates. He was concerned about election fraud. These two fixations played a part in "Rigged 2016," a documentary film that he financed. He also hinted that political operatives had approached him about running for President.

Byrne claims that, in July, 2016, his F.B.I. handlers told him that Russia was trying to interfere in the Presidential election, and asked him to resume his relations with Butina as part of their investigation. "The entire chain of command was being skipped," Byrne writes, adding that the request had come via shady figures at the upper levels of the federal government, whom he called "X, Y, and Z." Byrne did as instructed, joking that it "wasn't exactly hardship duty." In October, he invited Butina to attend the opening of the new Overstock headquarters, a circular building designed to resemble both the Roman Colosseum and a peace sign. Seth Moore, a former Overstock executive, recalled that at the party Byrne told him that Butina was under surveillance, and asked him to keep an eye on her.

As Byrne describes it, he wanted his F.B.I. handlers to believe that he and Butina were intimate, but, out of respect to Butina, he had decided not to pursue a physical relationship while he

continued to inform on her. In his posts, Byrne often seems more concerned with the behavior of the F.B.I. than with Butina. In her memoir, she describes the Overstock party in awed terms, writing that, after the event, Byrne drove her through the serpentine roads to his house in the Rockies in a Tesla whose doors “futuristically opened up.” She was moved, she said, by Byrne’s struggles with physical illness and with the weight of his own genius. She writes, “I saw what it cost him every day to communicate with people whom he, intellectually superior as he was to all of his acquaintances and friends put together, did not understand, and how it burdened him with the need to sink to their level in order to ruminate on obvious truths that he had long understood.”

Byrne began to have “a pang of conscience” after Butina hinted that she was willing to leave Erickson for him. Not long afterward, he writes, his F.B.I. handlers summoned him to D.C. They were angered by the publication of an article in the Daily Beast about Butina, and they pointedly asked him whether he had been a source. Their anger again surprised Byrne, who claims to have had nothing to do with the story. This further convinced him that he was “being manipulated in a game unrelated to anything to do with law enforcement or national security.” Soon afterward, the F.B.I. asked him to end the relationship a second time. Byrne writes that he didn’t see Butina again until May or June of 2018, after she told him that she had been questioned by the Senate Intelligence Committee and that her apartment had been searched by the F.B.I.

According to the government’s version of events, the F.B.I. opened Crossfire Hurricane, its investigation into possible ties between the Trump campaign and the Russian government, on July 31, 2016, after it found out that the Trump campaign adviser George Papadopoulos had told an Australian diplomat that he’d heard that Russians had compromising information about Hillary Clinton. Byrne claims that it all really started a year earlier, when the F.B.I. became aware of his relationship with Butina. He speculates that corrupt officials were using him and Butina to create a “Can-O-Scandal that they were going to whip out some day in the future, shake up, and spray all over anyone they wanted to.” Butina, too, claims that Byrne was “patient zero” in a case that turned her into a scapegoat for American fears about Russia.

In July, six armed F.B.I. agents burst into Erickson’s apartment, in Washington, dragged Butina outside, put her in handcuffs, and drove her away. Moore told me that, during Butina’s trial, Byrne was “distracted.” When she was moved into solitary confinement at a detention center in Virginia, in August, Byrne was “just livid.” Moore went on, “He said, ‘Everything they accused her of, they knew about before, and let her go forward with it. How can they now claim she had some devastating effect on national security?’ ” Butina was unaware that Byrne had betrayed her to the F.B.I.; in her memoir, she writes an apparently imagined scene in which Byrne, having learned of her sentence, “clutched his head with his hands, whispering, ‘Lord, what have I done.’ ”

Around that time, Byrne watched television clips of the F.B.I. agent Peter Strzok testifying about the Russia investigation before the House Judiciary Committee. Strzok, who is vilified in far-right circles, led the F.B.I.’s Russia investigation until he was dismissed in August, 2018, months after it emerged that he had described Trump as a “douche” and a “fucking idiot” in text messages to a colleague with whom he was having an affair. In another of Strzok’s messages,

sent on August 15, 2016, he had referred to an “insurance policy.” Trump and his supporters seized on this as evidence of a plot within the Bureau to gather damaging material about Trump, in order to insure that he wouldn’t win. Watching Strzok on television, Byrne became convinced that he must have been one of the federal agents responsible for the “fishy” orders that Byrne had received. According to Butina, Byrne later wrote her a letter saying that he had done something terrible and deeply regretted it. The full details, he wrote, would soon be revealed.

Since leaving the F.B.I., Strzok has published a book, “Compromised: Counterintelligence and the Threat of Donald J. Trump,” about what he sees as Putin’s dangerous influence over the current President. He has repeatedly denied that the “insurance policy” in his message referred to a plot against Trump, explaining that it instead had to do with how aggressively the investigation ought to be pursued in light of the risk to a particular source. In early November, he told me that he had never met Byrne, and had “no awareness” of him before reading about him in the news in August, 2019. When I asked about one of Byrne’s most incendiary claims—whether an F.B.I. agent might instruct someone to pursue a romantic relationship with a suspect in order to gather intelligence—Strzok said that the Bureau had thirteen thousand agents, and that, though he couldn’t dismiss Byrne’s story out of hand, it sounded “extraordinarily fantastical.” He went on, “This isn’t some James Bond film—we don’t tell people, ‘Go bed this vixen for your country.’ ”

This year, the study of conspiracy theories has become more urgent, as the pandemic has heightened the conditions—panic and isolation—that breed conspiracy thinking. Scientists fear that disinformation about covid-19 will lead people to distrust the measures that will contain it, including a vaccine. Emory University recently released the results of the most comprehensive analysis to date of people who are prone to conspiracy beliefs. According to the study, the personality profiles most often associated with such beliefs are entitlement, self-centered impulsivity, a sense of being wronged, and elevated levels of depressive moods and anxiousness. All these applied to Byrne, whose case, I sensed, had been exacerbated by a bizarre chain of events and by the vast amount of unverified information on the Internet.

As a wealthy and well-connected man, Byrne also had a rare opportunity to place himself among other powerful people in a story of national import that, as he has often put it, was tearing the U.S. apart. In early 2019, as different branches of the government were warring over the Russia investigation, he secured a meeting with John Ratcliffe, a conservative representative from Texas who served on the House Intelligence Committee and has since become Trump’s latest director of National Intelligence, to share his concerns about the deep state. In April, after an acquaintance introduced him to someone in Barr’s office, he met with attorneys from the Justice Department. (Ratcliffe did not respond to a query about Byrne, and the Justice Department declined to comment on whether a meeting with him ever took place.) Byrne says that he came away from these meetings hopeful that his allegations would be seriously investigated.

Mueller’s team briefly questioned Butina, in January, 2019, but she did not feature in Mueller’s report, which Byrne considered strange. Byrne, who often seemed to interpret moments when he was not included as evidence of corruption, also thought it was “disturbing” that Mueller had not sought to interview him. He seemed even more upset about being left out of a “60 Minutes”

broadcast about the Butina case that aired on November 3, 2019. “I know more about that issue than any civilian walking the street,” he told me. “I was never contacted, and I find that odd.”

He was still hoping that Barr and Durham would issue the indictments, and continued to hint that he had access to information that had not yet been made official. “The right subpoenas are being made for the truth to be known,” he told me. When I asked whether he had any regrets about coming forward on TV, leaving himself open to accusations that he was crazy or a conspiracy theorist, he said, “I don’t care what they put in the *New York Post* and what they say about me. I wanted to test the system.”

In the second week of March, as states began to implement lockdowns, Byrne set out for his batcave in the Rockies. He stayed there for the next three months, enjoying the hot tub and taking long hikes, and periodically sending me photos of his cat Master Po. In May, Overstock’s stock price began to rise. Cohodes, who became an unlikely investor in Overstock in 2017, after visiting Byrne in Utah and learning about Medici Ventures, explained that this was part of a nationwide surge in online shopping, and also a result of Byrne’s departure. “All the engines that were misfiring due to misfocus of management—all of them are firing,” he said.

Several times over the summer, Byrne predicted that Barr would soon be making arrests, but they never took place. The Durham report did not appear, either, although a Senate Select Committee on Intelligence report on Russian election interference was released in August. It mentioned Byrne several times, most significantly as someone Butina seemed to be using to connect with Rand Paul. The report was unequivocal: the Russian government had engaged in “an aggressive, multi-faceted effort to influence, or attempt to influence” the outcome of the election, and it had done so with the aim of aiding Trump’s campaign. The conclusion of the committee, which is chaired by Rubio, effectively contradicted Trump’s assertion that Russian interference in the 2016 election was a hoax. Even then, Byrne felt certain that by Labor Day Durham would be releasing explosive revelations and Barr would be making arrests. When that deadline passed, he wrote to me, “Heard the Durham report is delayed because they found new leads. You hear anything?”

On October 6th, Byrne published a fifteen-thousand-word post, which he said revealed the full extent of the conspiracy in which he had been unwittingly involved. In it, he claims, without offering any proof, that the F.B.I. had asked him to play a pivotal role in a sting operation by arranging for Hillary Clinton to meet with a foreign official before the 2016 election, so that the official could give her a bribe. Byrne understood this to mean that Obama Administration officials were going to use the compromising information to control Clinton while she was in office. In the post, which is full of non sequiturs, Byrne also alleges that he led federal agents to believe that he had drugged and raped Butina and was going to kill her—supposedly as a way of “catching” the agents as they encouraged him to commit a heinous crime.

Moore, who left Overstock in July, was reluctant to cast doubt on his former employer. Perhaps the F.B.I. had asked Byrne to set up a donor meeting, he suggested, as part of an investigation: “The challenge is, Patrick gives the basic facts of the story, but he also gives a lot of his inferences and interpretations.” Others felt that Byrne had finally gone too far. Bagley noted that

Byrne, unlike in his crusade against naked shorting, had produced little evidence for his campaign against the deep state. “I sent him a message saying, ‘Hey, man, don’t you have any screenshots, any phone numbers?’ ” Bagley said. “And he hasn’t responded.”

Just after the post’s publication, Byrne told me that he had been in touch with Fox, CNN, and other outlets, offering to discuss his revelations, and that they had turned him down. In a video released on October 29th, he was interviewed by Matt Kibbe, the libertarian host of the YouTube show and podcast “Kibbe on Liberty.” Byrne told Kibbe, who sports a gray handlebar mustache and a leather jacket, that he had become so concerned for his security that he’d put all of his money into gold and cryptocurrencies.

A week later, after Trump lost the Presidential election, Byrne started retweeting posts criticizing Antifa and alleging voter fraud. He published a post outlining incoherent supposed evidence of widespread election fraud. (Last week, Barr surprised Trump supporters by declaring that the Justice Department had found no evidence of the kind of widespread fraud that would have altered the outcome of the election.) In mid-November, Byrne told me that he was concerned for his safety and wouldn’t reveal where he was. He said that he had been financing a group of election-security experts and ethical hackers since the summer, and had shared his research with members of Trump’s legal team. Byrne started appearing on podcasts and YouTube channels devoted to pro-Trump conspiracy theories. Luban and other friends were horrified. Overstock management sent me a statement stressing that Byrne had not been affiliated with the company for more than a year. On November 17th, on the right-wing television channel Newsmax, whose viewership has surged since the election, Byrne spoke about all the ways in which computerized voting systems in America can be manipulated. He mentioned several times that he was a scholar and the founder of a tech company. “It’s far easier to have hacked this than a PayPal or your Venmo account,” he said. “This election was hacked. The outcome was rigged and should be completely ignored.”