

ELIZABETH HOLMES

"SHE NEVER LOOKS BACK": INSIDE ELIZABETH HOLMES'S CHILLING FINAL MONTHS AT THERANOS

At the end, Theranos was overrun by a dog defecating in the boardroom, nearly a dozen law firms on retainer, and a C.E.O. grinning through her teeth about an implausible turnaround.



BY NICK BILTON

FEBRUARY 21, 2019



Photographed by Jenny Hueston for *The New Yorker*. PHOTOGRAPHED BY JENNY HUESTON.

Elizabeth Holmes appeared to know exactly what she needed to do. It was September 2017, and the situation was dire. Theranos, the blood-testing company that she had dreamed

up more than a decade ago, during her freshman year at Stanford, was imploding before her very eyes. **John Carreyrou**, an investigative reporter at *The Wall Street Journal*, had spent nearly two years detailing the start-up's various misdeeds—questioning the veracity of its lab results and the legitimacy of its core product, the Edison, a small, consumer blood-testing device that supposedly used a drop of blood to perform hundreds of medical tests. Carreyrou had even revealed that Theranos relied on third-party devices to administer its own tests. Theranos, which had raised nearly \$1 billion in funding for a valuation estimated at around \$9 billion, now appeared less a medical-sciences company than a house of cards.

Owing largely to Carreyrou's reporting, the fallout had been colossal, unprecedented. Theranos was under investigation by the Securities and Exchange Commission, the Department of Justice, and the Federal Bureau of Investigation. It had been **sued by investors**. Walgreens, its largest partner, terminated the relationship and **shut down 40 testing sites**. *Forbes*, which once estimated Holmes's wealth at \$4.5 billion, **wrote it down to zero**. The young founder, who was once compared to Steve Jobs, had recently been **dubbed a "millennial Madoff"** by the *New York Post*. According to two former executives at the company, Theranos had as many as nine different law firms on retainer, including the formidable Boies Schiller Flexner, to handle the mess—what appeared to be the end of a long, labored, highly visible, and heinous corporate death march.



Inside the Hive with Nick ... [Cadence13](#)

Breaking: Inside Theranos' Final Days



iTunes user? Just tap [here](#) to listen to Inside the Hive at your convenience. And don't forget to subscribe.

But Holmes had other ideas. Despite the chaos, she believed that Theranos could still be saved, and she had an unconventional plan for redemption. That September, according to

the two former executives, Holmes asked her security detail and one of her drivers to escort her to the airport in her designated black Cadillac Escalade. She flew first class across the country and was subsequently chauffeured to a dog breeder who supplied her with a 9-week-old Siberian husky. The puppy had long white paws, and a grey and black body. Holmes had already picked out a name: Balto.

0:00 / 23:37

Audio: Listen to this article. To hear more, download Audm for iPhone or Android.

For Holmes, the dog represented the journey that lay ahead for Theranos. As she explained to colleagues at the company's headquarters, in Palo Alto, he was named after the world-famous sled dog who, in 1925, led a team of huskies on a dangerous, 600-mile trek from Nenana, Alaska, to remote Nome, Alaska, bearing an antitoxin that was used to fight a diphtheria outbreak. There is **even a statue** of Balto in New York's Central Park, Holmes told one former employee. The metaphorical connection was obvious. In Holmes's telling, Balto's perseverance mirrored her own. His voyage with the life-changing drug was not so different from her ambition.

In Silicon Valley, founders and C.E.O.s often embrace a signature idiosyncrasy as a personal branding device. Steve Jobs wore the same black turtleneck every day and tended to only park in handicap spots. **Mark Zuckerberg** went through a phase during which he would only eat the meat of animals he had personally killed. **Shigeru Miyamoto**, the Nintendo video-game legend, is so obsessed with estimating the size of things that he carries around a tape measure. It can get even weirder. **Peter Thiel** has expressed an interest in the restorative properties of blood transfusions from young people. **Jack Dorsey** drinks a strange lemon-water concoction every morning, and goes on 10-day silent retreats while wearing designer clothing and an Apple Watch. Holmes, too, had seemingly cherry-picked from her elders. She wore a black turtleneck, drank strange green juices, traveled with armed guards, and spoke in a near baritone. In an industry full of oddballs, Holmes—a blonde WASP from the D.C. area—seemed hell-bent on cultivating a reputation as an iconoclastic weirdo. Having Balto seemed to help fortify the image.

Immediately after returning to California, Holmes decided that Balto would hardly leave her side on the quest to save Theranos. Each day, Holmes would wake up with Balto at the nearly empty Los Altos mansion that she was renting about six miles from her company's headquarters. (Theranos covered the house's rent.) Soon after, one of her two drivers, sometimes her two security personnel, and even sometimes one of her two assistants, would pick them up, and set off for work. And for the rest of the day, Balto would stroll through the labs with his owner. Holmes brushed it off when the scientists protested that the dog hair could contaminate samples. But there was another problem with Balto, too. He wasn't potty-trained. Accustomed to the undomesticated life, Balto frequently urinated and defecated at will throughout Theranos headquarters. While Holmes held board meetings, Balto could be found in the corner of the room relieving himself while a frenzied assistant was left to clean up the mess.

Around this same time, Holmes says that she discovered that Balto—like most huskies—had a tiny trace of wolf origin. Henceforth, she decided that Balto wasn't really a dog, but rather a wolf. In meetings, at cafés, whenever anyone stopped to pet the pup and ask his breed, Holmes soberly replied, "He's a wolf."





Holmes and her attorney arrive at the San Jose federal court, January 14, 2019. BY JUSTIN SULLIVAN/GETTY IMAGES.

Silicon Valley can often feel like a lawless place, and for good reason. Many of the people who run the largest technology companies on earth don't often suffer the consequences of their actions. Despite their unequivocal role in upending our democracy, Zuckerberg and **Sheryl Sandberg** still run Facebook. Dorsey is still the C.E.O. of Twitter, even though he has not been forthright about the number of bots on the service, and has done almost nothing to stop the spread of hate speech on his platform. The C.E.O. of Tesla, **Elon Musk**, has been **charged with securities fraud**, and yet he's still running the company. (Musk **later agreed** with the S.E.C. that he would step down as chairman and pay a \$20 million fine.)

Holmes is that rare exception in which consequences occur. And the public, perhaps fed up with the behavior of other tech giants (and Wall Street bankers before them), has been captivated by her downfall. Three years after Carreyrou began his investigation, Holmes has

again become a figure of extraordinary pop-culture fascination—a distinct rarity for a businessperson. Her story is the subject of the HBO documentary, *The Inventor*, and ABC News’s podcast series, *The Dropout*. *Bad Blood*, Carreyrou’s book, has sold half a million copies and is being developed for Hollywood by **Adam McKay**. **Jennifer Lawrence** is set to **play** Holmes. (Disclosure: I was a consulting producer on the HBO project, which was partly based on an **article** I wrote about Theranos nearly three years ago.)

The fascination with Holmes often fixates on her extraordinary rise—her ability to convince Stanford scientists to believe her idea despite a lack of formal training; her aptitude for getting wisemen (**Henry Kissinger**, **James Mattis**, **George Schultz**) to sit on her board; and her skill for obtaining early funding from eminences such as **Rupert Murdoch**, the Walton family, and others. But the final days of Theranos were equally chilling. After all, Holmes wasn’t just an inexperienced scientist; she was also a wild-spending fiduciary.

Holmes had always enjoyed a certain lifestyle. From the early days of the company, she had insisted on flying in a private jet. As the company’s legal problems mounted, its costs skyrocketed, but Holmes had a hard time weaning herself off certain luxuries. She still had her own personal security detail, drivers, personal assistants, and a personal publicist who was on retainer for \$25,000 a month, according to one of the former executives. Theranos had an indemnity agreement with Holmes and **Sunny Balwani**, the company’s C.O.O., with whom she had been romantically involved. (They are no longer dating.) Theranos paid all their legal bills, which totaled millions of dollars a month, according to both executives.

By late 2017, however, Holmes had begun to slightly rein in the spending. She agreed to give up her private-jet travel (not a good look) and instead downgraded to first class on commercial airlines. But given that she was flying all over the world trying to obtain more funding for Theranos, she was spending tens of thousands of dollars a month on travel. Theranos was also still paying for her mansion in Los Altos, and her team of personal assistants and drivers, who would become regular dog walkers for Balto.

But there were few places she had wasted so much money as the design and monthly cost of the company’s main headquarters, which employees simply referred to as “1701,” for its street address along Page Mill Road in Palo Alto. 1701, according to two former executives, cost \$1 million a month to rent. Holmes had also spent \$100,000 on a single conference table. Elsewhere in the building, Holmes had asked for another circular conference room that the former employees said “looked like the war room from *Dr. Strangelove*,” replete

with curved glass windows, and screens that would come out of the ceiling so everyone in the room could see a presentation without having to turn their heads.

But by the end of 2017, it became clear that it was financially untenable to stay in 1701, largely owing to Theranos's legal expenditures. The remaining employees were told they would be moving to the Theranos laboratory facility, across the bay in Newark, California. Employees who were still at Theranos at the time describe Newark as "crummy" and a "shithole." The building was formerly home to a solar-panel maker, and it had a huge floor space. Employees were set up on the second floor, where people would sit four to a table in the open-floor plan. Holmes took the corner office with Balto.

The move may have been a last-gasp attempt to save the company, but morale at Theranos was already at an all-time low. The S.E.C. and other government agencies had started to subpoena current and former workers. Remaining employees started to resign or were let go, almost on a daily basis, it seemed. As two former employees told me, you could go to Antonio's Nut House, the famous Palo Alto bar, any night of the week and there would reliably be a goodbye gathering for at least one Theranos employee.

Yet through all of this, former employees of the company have told me, Holmes had a bizarre way of acting like nothing was wrong. Even more peculiarly, she appeared happy. "The company is falling apart, there are countless indictments piling up, employees are leaving in droves, and Elizabeth is just weirdly chipper," a former senior executive told me. One former board member also noted that Holmes would come to board meetings "chirpy" and acting as if everything was "great." She would walk up to people in the office who could have just testified in front of the S.E.C., or been questioned by lawyers at the F.D.A., and she would give them a hug and ask how they were doing. She was so confident that the company would be fine, executives who worked with her said, that she enrolled Balto in a search-and-rescue program. Holmes spent weekends training him to find people in an emergency. Unfortunately, huskies are not bred for rescue; they are long-distance runners, and Balto failed out.

For years, Holmes had relished in the ritual of giving speeches to the employees. When Balwani worked at Theranos, the speeches ended with chants. Some were positive, and some were more famously negative, such as when employees in lab coats would chant "fuck you" to a competitor or journalist. But such rhetoric was usually followed by excited cheers and roars. One day in late December 2017, Holmes showed up at the Newark building and held

an all-hands meeting. She appeared excited beyond restraint. Brimming with enthusiasm, she told her employees that Fortress Investment Group, one of the world's largest private investment companies, had agreed to offer a \$100 million loan that would allow the company to survive.

But Holmes didn't appear to receive the response that she craved from her colleagues. One executive who was there told me the room was silent. After an uncomfortable beat, Holmes said, "Does anyone have any questions?" Again, nothing. Just a bristling silence. By this point, "The morale had been completely drained out of the company," the employee explained. Months later, Holmes was charged with 11 criminal felony counts, including wire fraud and conspiracy. Theranos was essentially gutted by the spring of 2018. It shuttered in September 2018, one year after Holmes adopted Balto. Fortress got ownership of all of Theranos's patents. The \$900 million she had raised was up in smoke.



Holmes at the lab in Palo Alto, 2015. BY CARLOS CHAVARR/THE NEW YORK TIMES/REDUX.

ince Theranos's collapse, observers have wondered how Holmes kept the company going for so long—how she was able to convince those scientists, investors, and colleagues that her quixotic idea for a portable, revolutionary blood-testing technology could somehow come to fruition. Recently, I posed a similar question to a former Theranos board member: how did the board of directors, composed of such accomplished people, not stop her. This person admitted that board members asked tough questions but were fed contrived answers. (Notably, the board was stacked with dignitaries, not scientists.) After the *Journal* broke the news that the company was being investigated, the board suggested that Holmes take the Theranos blood test and compare it with results from two other competing labs and one university lab, this person said. If all the results were the same, Theranos could prove to regulators and the media, so went the logic, that their blood-testing products worked perfectly. If the tests showed that Theranos's results were off, the board suggested that Holmes could direct the company's considerable raised capital toward fixing the problem.

Holmes agreed to the trial but then withheld the results, the former board member told me. When the board asked about the findings, Holmes seemed to offer a series of obfuscations. Sometimes she would say she was waiting on results; at other times, she said there had been problems with the tests. Eventually, this got heated. At one meeting, according to the former board member, a Theranos employee presented financials that indicated that a Theranos lab in Arizona had not generated the revenues that Holmes had communicated to her directors. This was one of the few times where board members criticized their C.E.O., this person said. One board member was visibly irate; it appeared that Holmes had been deceptive. Soon after, Holmes shook up the board.

Holmes will almost certainly face consequences, but it may take a while. Justice Department officials, according to a filing from January 2019, are combing through between 16 and 17 million pages of documents. And there could be more charges filed against Holmes and Balwani, and even other people close to them. Assistant U.S. Attorney **John C. Bostic** said in court recently that the “story is bigger than what’s captured in the [original] indictment.” And that it “doesn’t capture all the criminal conduct” that the investigation has uncovered so far. **Holmes faces up to 20 years in prison.**

Holmes and Balwani have stated that the charges are baseless. Theranos represented a business failure, according to one line of exculpatory logic, but it was not created to rip off investors or mislead consumers—it wasn't actual fraud. Also, according to another argument,

neither of them actually made any money from Theranos. But their lifestyles were partly funded by the company. Holmes's travel, security details, and publicists were all paid for by Theranos. Meals, clothing, and other social activities were almost always expensed. As one of the former employees said to me, "Someone had to be paying for all those Birkin bags." This employee said that Holmes's expenses were somewhat of a joke at the company. "The company paid for everything," they said. "She would submit her miles if she drove the six miles to her house in Los Altos." The employee said that the only time Holmes evidenced defeat during Theranos's collapse was when the company cut her off financially, after the criminal charges were filed. "She lost her cool. She had a fit," they said. "She had to give up the house in Los Altos."

When I asked the former executive close to Holmes if she has come to regret what happened, the response surprised me. "Elizabeth sees herself as the victim," this person said. "She blames John Carreyrou, she blames **David Boies**, and she blames **Heather King**." Boies, the star lawyer, had sat on Theranos's board, and represented the company during the Carreyrou crisis. King, Theranos's general counsel for 15 months, overlapped with this period. (King now works at Boies's firm.) Holmes, according to the former employees, blames the lawyers for giving her bad advice, and their inability to contain the bad press stemming from Carreyrou's reporting. According to this person, Holmes thinks that she could have somehow convinced a Pulitzer Prize-winning reporter into believing that Theranos was going to change the world despite the fact that its core technology didn't work. "She often confuses the message for the messenger," the former employee told me.

When I asked Carreyrou what he thought about this theory, he told me: "I just reported the facts. If there had been nothing to my reporting, federal prosecutors wouldn't have brought criminal fraud charges and those charges wouldn't be supported by 17 million pages of evidence." (Boies and King declined to comment, citing bar obligations. Neither Holmes nor her counsel responded to requests for comment.)

In his book, Carreyrou muses about an oft-raised question regarding Holmes. Was she just a young person who got in over her head? Or, more dramatically, is something more serious afoot. Is she a sociopath? "I'll leave it to the psychologists to decide whether Holmes fits the clinical profile," he writes, "but there's no question that her moral compass was badly askew." Former employees raise this question with frequency. One pointed to a formative experience: Holmes's father, **Christian**, was an executive at Enron,

and the family's finances were affected by its collapse. Did Holmes, scarred by this experience, vow to revive the family's fortunes at all cost? Was she a hustler or a con artist, or merely a staggering Mr. Ripley? "One of Elizabeth's superpowers is she never looks back," this person said.

Holmes is currently living in San Francisco in a luxury apartment. She's engaged to a younger hospitality heir, who also works in tech. She wears his M.I.T. signet ring on a necklace and the couple regularly post stories on Instagram professing their love for each other. She reliably looks "chirpy" and "chipper." She's also abandoned the black-turtleneck look and now dresses in athleisure, the regrettable attire of our age. Notably, she is far from a hermit. She tells former colleagues, according to the two executives, that she is greeted by well-wishers on the street who are rooting for her resurrection. It's a stark contrast to many of her old colleagues. Former Theranos employees I have spoken to have relayed horror stories about their inability to find work after leaving the company, now with a permanent stain on their résumé.

Holmes, for her part, still doesn't seem to think the work of Theranos is finished. Like her dog's famed namesake, she still wants people to know that Theranos was going to save the world. But in order to do so, she needs to share her side of the story. She has recently held more meetings with filmmakers to try to collaborate on a documentary about her "real" story. And Holmes desperately wants to write a book. In Holmes's eyes, according to former employees, this is only the beginning of yet another redemption story—possibly one that is too good to be true. As for Balto, Holmes still tells people he's a wolf.

More Great Stories from *Vanity Fair*

- A Republican [mission to stop Trump?](#)
- Howard Schultz defends [his controversial potential presidential bid](#)
- The suspected leaker of Jeff Bezos's texts has his own [theory about the affair](#)
- Yes, [Kamala Harris did inhale](#)
- The shocking details behind the double [kidnapping of an Idaho teen](#)

Looking for more? [Sign up](#) for our daily Hive newsletter and never miss a story.

Get unlimited access to *Vanity Fair*, plus a free editor's tote!

Subscribe now ▶