



Uncovered: the advance of private investigators

**GPW's Patrick Grayson, Peter Pender-Cudlip and Andrew Wordsworth:
Aiming to be the secret eyes and ears of the City**

Louise Armitstead looks at why the City needs them more than ever.

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THIS WEEKEND a team of British investigators is in Madrid, digging up details on Banco Santander Central Hispano, the Spanish bank that is trying to take over Abbey National.

As well as poring over public records and accounts, the investigators will be examining the deals in which the bank has been involved, any disputes in which it may have been embroiled — and even looking into the background of its senior directors.

The investigators' work may be clandestine, but there is nothing sinister about it. They will be working for potential bidders, known and unknown, as well as other firms from hedge funds to headhunters.

These companies need detailed and independent information on Banco Santander before any sale can go ahead, big positions are taken or potential jobs are offered. Abbey, for example, hired Kroll to help to gather information before agreeing to a friendly takeover.

Private investigators have traditionally been perceived as shadowy and devious. They may still follow people and make notes on their moves, dig up personal records, impersonate pizza delivery boys and even rummage through dustbins. But they have become a part of business life.

Chief executives are turning to investigators to help them perform the detailed homework now demanded by regulators, politicians and shareholders after recent scandals such as those that engulfed Enron, WorldCom and Tyco.

John Conyngham, global head of investigations at Control Risks, said: "We have gone from being an optional extra to being a mainstream business service. Now if companies don't do the type of homework we provide, and something goes wrong, they face a far more aggressive shareholder base and regulator."

Kroll and Control Risks dominate the London investigations market and have thousands of staff worldwide. But these companies are changing as the market changes. The bigger players are

increasingly spending more time on business security, whether in Iraq, Afghanistan or on terrorism prevention plans at home. They are also doing more work abroad in countries that interest investors.

“We are doing a lot of work in places such as Russia,” said Chris Morgan-Jones of Kroll. “A few years ago clients just wanted to know if a counter-party was a gangster or a crook. Now the questions are far more sophisticated and involve investment opportunities, reputational risk and how effective a partnership will be.”

The industry is expanding to meet the new demands, and many employees are leaving the big investigating agencies to specialise.

Next week, three leading players are starting a new company, GPW, which will concentrate on business intelligence.

Patrick Grayson, one of the founding partners with more than 20 years of experience, including setting up Kroll's London office in 1986, said: “We believe there is a gap in the market for specialist and pure business investigations.”

GPW's other founders are Peter Pender-Cudlip and Andrew Wordsworth, both of whom left Kroll in July.

Grayson said he was bringing the experience, while Pender-Cudlip and Wordsworth represented the new-style investigations work for which demand is growing rapidly.

Besides checking CVs and looking into corporate fraud, GPW aims to be the secret extra eyes and ears of the City.

“A lot of our clients will be hedge-fund and private-equity firms,” said Pender-Cudlip. “This is a fast-growing area and people feel they don't know enough about it. For example, we will do work for investors who want to know that the hedge-fund managers are exactly who they say they are, that their strategies are viable, and so on.”

Grayson said: “The burden on business people to gain a full and comprehensive understanding of the marketplace in which they operate and the credentials of those with whom they deal has never been greater.”