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The Square Mile's private eye

Patrick Grayson, the man who tracked down Saddam's foreign assets, has turned his binoculars on the City.

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By Frank Kane

You can tell a lot about a man and his work from his office desk. Take a look at Patrick Grayson's minimalist set-up at his new firm, GPW, and, apart from the usual phone and pen-holder, your eyes will fall on the following: a pair of powerful-looking brass binoculars; a letter opener in the form of a lethally pointed hunting knife; and a hand grenade.

'If this had gone off when it was supposed to, we wouldn't be talking today,' says Grayson, and passes over the heavy and brutal-looking (but now harmless) weapon. He explains how, while he was an Irish Guards officer in Aden in the early Sixties, the grenade was thrown at his jeep, landed by his feet - and failed to explode. 'I was lucky. Others weren't so lucky in Aden.'

At 60, Grayson does not look or sound like his CV suggests: Sandhurst, Guards, tobacco executive, arms salesman, 'private military services' provider, corporate investigator. His manner reminds me, at least, more of his Catholic education - he would suit a soutane and biretta - with a large strain of City gent.

It is a package that must impress potential clients - the big investment banks, corporations and law firms that he hopes will provide his bread and butter at GPW. The company was launched last week with a flurry of publicity about Grayson, its chairman, and his two partners, Andrew Wordsworth and Peter Pender-Cudlip.

The aim is to fill a niche in the corporate investigations market, below the big global firms like Kroll Associates (more of whom later), Control Risks and Risk Advisory group, but focusing on the 'pure' investigative business rather than getting diverted into security and private military services.

'There are people out there making squillions of dollars out of Iraq, but we don't want to do that kind of thing. We want to get back to basics. I suppose if we had a corporate motto it would be "pure intelligence". I rather like that,' says Grayson. Grayson learnt his 'pure intelligence' from the master of the art, Jules Kroll, the legendary founder of the eponymous firm that made the corporate investigations business respectable. 'I owe everything to Jules,' says Grayson. 'In fact, the whole industry owes everything to him.'

His modesty does him credit, but when the two men met in 1986, Kroll must have known he was getting a seasoned professional who had already succeeded in four careers, and who was looking for his next challenge. Grayson had just finished some work on behalf of the families of Kuwaiti hijack victims who felt the airlines had failed in their duty to protect passengers, and Kroll was impressed by his work. 'I think he was quite taken with this Englishman who seemed to know his way round the world,' says Grayson.

That is where the CV comes in, and it is no surprise that Kroll was impressed by a track record that wouldn't look out of place in an Ian Fleming novel.

The son of a ship owner turned Army officer, the young Grayson travelled a lot as a child, and after boarding at Downside he went straight into Sandhurst, and from there to the Irish Guards.

He caught the tail end of the British empire in Kenya ('I helped to haul the flag down in 1963') and then to Aden, where the British were fighting against Yemeni tribesmen as well as urban insurgents. After his close call with the grenade, he learnt fluent Arabic, which was put to good use later.

From the Middle East, he was posted to Hong Kong, where the British were eyeball to eyeball with the People's Army at the height of the Chinese Cultural Revolution. 'It was really tense. We thought the Chinese would invade any day, and dead bodies would come floating down the rivers on the border at night time,' he recalls.

Then he was sent back to the UK for general training, but realised, in his mid-thirties, with a wife and three children, and 14 years in the army behind him, that it was 'commit or quit'. He decided on the latter, and doesn't seem to regret passing over a senior military career with 'all those boring generals'.

He found a job via a personal contact as a marketing executive with Imperial Tobacco, which in those days was branching out overseas. 'I was a smoker, but knew little else about it. I learnt all about branding on the job, and enjoyed it, but in the end I got a moral issue about marketing the stuff to young people all over the world, so I quit and joined Heckler & Koch.'

As he relates this, Grayson stops for a second to see if I've spotted the gaping irony involved in having moral qualms about selling cigarettes, but none at all about selling H&K's deadly weapons.

'Well, I suppose I stopped being a hypocrite, at least,' he says. 'Soldiers have guns, and somebody has to manufacture them.' The job with the German company came his way 'via an old friend in the SAS' as he was strolling around London the day of the Iranian embassy siege in 1980. 'I had military experience and marketing skills, so it seemed quite natural to sell equipment to people like the Bahraini anti-terrorist units.' The Arabic must have been a job-clincher.

The next scene sounds like a Fleming plotline. 'I was at home one Sunday when there was knock on the door and there were these three Kleinwort Benson bankers who I knew - they had military backgrounds. They wanted to invest in the private military sector, and thought I could start something up for them.' The result was Defence Systems Limited, which specialised in providing security guards for foreign, especially American, embassies in the Middle East and later became DSL.

Even then, in the mid-Eighties, diplomats in the region were feeling increasingly vulnerable, but could not use their own troops outside the embassy compounds. 'We hit on the perfect solution - we used former Gurkhas as security guards, unarmed, outside the grounds, and they had such a fearsome reputation that it worked,' says Grayson. It was the success of DSL that brought him to the attention of Kroll.

'Jules called me and asked me to New York, all paid, to meet him, so I said why not? We met in his office on Third Avenue, and he offered me a job. When I told him I already had one, he said: "I'll fix

that". From the prepossessing Kroll, who had just been headlined 'Wall Street's private eye' by the New York Times, this amounted to an offer Grayson couldn't refuse, and was the beginning of his eight-year role as head of Kroll in Europe.

This was the City after Big Bang, the revolution that changed the face of the Square Mile. 'It was exhilarating stuff. The old-boy network was weakening because of all the foreign banks coming in, but we still met some resistance. Some of the old school would tell us they got all the intelligence they needed in Whites club, but we got over that.'

Kroll, and Grayson, played a major part in some of the epic corporate confrontations of the era, and had some of the biggest business names as clients or opponents - Goldsmith, Hanson, ICI, BTR, Minorco. Perhaps his biggest career achievement as an investigator came when he led the Kroll team that tracked down the foreign assets of Saddam Hussein after the Gulf war in 1991.

The fees rolled in, and Grayson left 'on good terms' in 1994 to set up on his own as an adviser to the investigations business. 'I've been the "honest broker" in the sector,' he says.

He accepts, though, that honesty has not always been traditionally associated with the investigations business. Dirty tricks, phone-tapping, even searching through rubbish bins, have sometimes been the modus operandi for the corporate gumshoes. 'I spend as much time telling people what I don't and won't do as much as what I will, and we try to err on the side of caution,' he says.

'But there is some information that falls within the realm of legitimate investigation. If the chief executive is drinking a bottle of scotch a day, it affects the business. If he's having an affair outside of work, it probably won't, but if he's having an affair with his secretary, it might. And surveillance, though risky, is sometimes legitimate. The morality is genuinely vague,' he explains.

Some modern investigators believe, in this information-rich world, that the best sources are the publicly available ones, and Grayson agrees there is much to be gained from the internet and other hi-tech sources. 'But in the end you've also got to use up the shoe leather and accumulate knowledge. All the surveillance in the world will not replace knowledge and experience.'

With his partners in GPW, Grayson is back on the beat in the Square Mile.