

Wealth Management Survey 2006

Paranoid? Moi?

Nigel West on who to call when you need a private investigator to do your dirty work

Everyone experiences family, business or personal problems on which they may have to consult an outsider, and the most sensitive that difficulty, the more crucial it is to pick the right person. Private investigators in the UK have never been regulated, and so the field is wide open to ex-Met detectives who have embraced the private sector more ardently than hitherto, and may even have acquired some of the technical skills required to sweep offices for bugs. The problem is, some of them have realised the advantages of finding just such a device, and landing a long-term contract on the strength of it.

Other unscrupulous operators have exploited the opportunity to install their own illicit recording equipment and then use the information gleaned to their advantage. If the reason for requesting the search in the first place was sufficiently delicate, it probably also has a value.

One notorious conman, Barry Flynn, has long duped businessmen, newspapers, PR executives and other vulnerable targets by claiming to have been employed by a rival as a private investigator, and then having milked both competitors, offering supposed evidence of their adversary's dirty tricks. For years, he made a living, based in Spain but often conducting his negotiations at a clandestine rendez-vous in Geneva airport. He also extracted retainers from Virgin Atlantic and British Airways, and a dozen other marks who feel too bruised by the experience to complain publicly.

The lessons are: don't go to the Yellow Pages, and avoid anyone who pitches to your business without an invitation.

Who to trust? During the heady days of the City's hostile take-overs Kroll Associates led the market in offering discreet assistance to either one side or the other: obtaining information to assist the predator, or enabling a defence to be mounted against an unwanted suitor. Their reputation was enhanced by their occupation of Leconfield House, the old MI5 building on the corner of Curzon Street and South Audley Street, and their high profile assignments, such as repatriating Soviet Communist Party assets squirreled away in Switzerland, and tracing the Marcos millions looted from the Philippines, and eventually found to have been invested in Manhattan real estate. More recently, Kroll was commissioned by Kuwait to find Saddam's hidden treasures.

Headed by legendary Jules Kroll since he founded it with an ex-FBI partner in New York in 1985, it was taken public but then he bought it back. The organisation, now located in the City, has a reputation for good results but at a high cost, and with a tendency to rely on in-house analysts dependent on internet and credit checks that are largely open-source, and on external sub-contractors whose fees are marked up significantly.

However, as the market leader, Kroll, himself a former prosecutor, has spawned many smaller, independent companies run by personnel who have learned their skills from the master and found their own clients through word of mouth and reputation. Kroll has now had to concede its dominance at the high-end of the market to a number of newer firms; pre-eminent amongst these are Control Risk, Diligence, Haklyut and gpw (Grayson Pender Wordsworth), all staffed by experienced specialists, some of whom have a background in government security and intelligence. The world is now a more dangerous environment and the unwary can easily find themselves in bed with the wrong partner, falling foul of Draconian money-laundering regulations, or tip-toeing into a new market or unfamiliar country. To avoid such pitfalls, a small investment in what is known as 'business intelligence' can save plenty of litigation after a joint venture fails. If the reconnaissance is conducted before the event, be it a marriage, liaison, merger or other relationship, the work is intelligence. Afterwards, it is sheer problem solving, and may range from competitor analysis, asset tracing, leak enquiries or the investigation of suspected employee misconduct.

The disadvantage of Kroll is that, while large and with plenty of resources, it is now owned by the American insurance giant March & McLennan, and the worry for some potential clients is that having registered as a customer, one's name may be circulated across the entire group to ensure the absence of any conflicts of interest. Very ethical and laudable, but Chinese walls hardly inspire confidence in anyone attempting to handle an unexploded bomb.

Almost as well-known as Kroll is Control Risks, a firm created originally to advise Lloyds syndicates on the burgeoning kidnap and ransom business. With mainly British management, some with Special Forces backgrounds, and headed by the affable Nigel Churton, the company has conducted discreet negotiations for the release of hostages across the globe, and practically invented the term 'political risk consultancy'.

Any firm, multinational or boutique, contemplating sending key personnel overseas should take Control Risk's training – if not the full 'crash and bang' course on defensive driving, which is always an exhilarating adventure. Control Risks took over their competitor, Network Security, and can offer an impressive forensic laboratory service which is used by government agencies too. However, they would be the first to acknowledge that their core business is now the deployment of bodyguards to Baghdad and are less interested in the business intelligence end of the market.

A relative newcomer, Diligence, an American-based outfit headed by CIA retiree and best known for having advised on The BBC Television drama series Spooks, apparently on the basis that Nick Day, a former Marine with Special Boat Service, had served briefly with MI5. This raises the question of whether the paying public would be wise to confide in men with established links, albeit in their part, with the cloak and dagger demi-monde of the intelligence agencies. Indeed, another major player, the Haklyut Foundation, was formed by the two SIS retirees, Christopher James and Mike Reynolds, with William Purvis of HSBC, and enjoy an excellent reputation, although they concentrate their activities, based at their plush unmarked townhouse headquarters in upper Brook Street, on corporate strategic planning and are unlikely to want to send out surveillance teams to watch business rivals and errant girlfriends.

Another young company, Olive Group, has grown rapidly since being founded by managing director Chris St. George in 2001. As an integrated security provider, covering all aspects of security systems, Olive is pursuing a different path from its peer group. Many of the company's staff are former members of UK Special Forces, while additional expertise in finance, business, law, diplomacy and government is provided by the several members of the company's advisory board. Security is no longer a simple add-on, according to Chris St. George, as both businesses and individuals now need to think about integrated security from the first blueprints of a new building through to the stateless laptops for the stag who will eventually occupy office space.

There is no Michelin guide to rate business intelligence firms, but if there was, gpw would qualify for 'worth a detour' three red rosettes, although with a headquarters conveniently neighbouring Mark's Club in Charles Street is minimal. There the urbane Patrick Grayson, formerly Kroll's first London head, and his two partners, also former Kroll directors, provide a bespoke business intelligence service to private and corporate clients. Although in competition with the other big four, gpw is reckoned to be more boardroom friendly than Diligence and less likely to delegate to subordinates than their larger rivals. By concentrating on business intelligence and litigation support, they maintain an analytical stag that is almost as big as the others, and just as effective.

Size does not count in the business intelligence field; gpw attracts some impressive household names and captains of industry as clients and they, like Haklyut, can punch well above their weight on the basis of their well-honed international connections and networks. However, neither would pretend to offer the diverse range advertised by Kroll which, for example, has been appointed administrator for the failed Alders department store chain. The reality is that, although many of the firms might not admit it, they often rely on the same subcontractors to conduct specialist operations, such as electronic sweeping, telephone checks, employee integrity tests, surveillance and even the occasional dirty trick. The difference is that by acting as intermediaries they can guarantee the quality and act as a convenient buffer to absorb negative blowback on the rare occasions the unexpected happens.

Inevitably, few concede the need to consult these high-end advisers, but the really protective lawyers and bankers know just who to recommend. Those offering personal service and advice to a very discriminating international clientele appreciate the need for discretion. It is not just the paranoid who think somebody may be out to get them!