

THE SECRET KEEPER

Jules Kroll and the world of corporate intelligence.

BY WILLIAM FINNEGAN

When Jules Kroll was a kid, in Bay-side, Queens, his father had a printing business—"a miserable little company," according to Kroll. It was the nineteen-fifties, and what Kroll mainly remembers from watching his old man go over the books at the kitchen table on Sundays are the humiliations that his father suffered at the hands of purchasing agents, many of whom required "gifts"—kickbacks—before they would give him work. "It was pretty dispiriting," he says. "It made me pretty angry." Later, when his father fell ill, Kroll, by then a young Assistant District Attorney in Manhattan, had to come home and run the business. A three-month leave of absence turned into three claustrophobic years. But the experience gave Kroll an idea. He made the rounds of companies that had a lot of printing done. He could save them money, he said. He knew where the graft was in their printing jobs—the bribes and the waste and overpayments. He wasn't asking for a fee, just a percentage of whatever he saved them. The parent company of Marvel Comics was the first to agree, and Kroll was soon saving the company so much that it tore up the percentage deal, which might have made Kroll rich, and put him on a retainer.

Kroll told this story, probably not for the first time, to a crowd of students and faculty at Cornell last fall. "Spider-Man, the Hulk—I really owe my business to those superheroes," he said. Kroll's business, launched in 1972 as J. Kroll Associates, eventually became Kroll, Inc., the world's preëminent detective agency, with three thousand employees, count-

less subcontractors, and offices in sixty cities in more than thirty-five countries.

According to the history professor who introduced Kroll that day, Kroll, Inc., specializes in "pursuing crime, particularly financial crime, across international borders." And so Kroll told stories about recovering the wealth plundered by dictators, among them Ferdinand Mar-



Kroll in his office in New York City. Photograph by Platon.

cos, Saddam Hussein, and Jean-Claude (Baby Doc) Duvalier. Baby Doc, Kroll said, was "not the sharpest nail in the box." He had looted the Haitian treasury by writing big checks. "Apartment in Trump Tower?" Kroll made a show of laborious penmanship. "Trump... Tower? Even we could figure that one out."

Kroll is sixty-eight, tall, bald, and

solidly built—he played rugby at Cornell, and was the starting catcher on the freshman baseball team. He moved stiffly, like an old athlete, as he paced the well of the lecture hall, and digressed freely, offering an account of how he had taken his future wife, Lynn, on a study date here at Cornell. ("You still have study dates?" Pause. "No.") There was a large, alarming gash on the right side of his skull—it looked like a fresh machete wound. It was an incision from skin-cancer surgery, as Kroll eventually explained, adding that there was a lesson to be drawn from that: wear a hat. Kroll's stories were nearly all morality tales. Abuses of trust are chronic and toxic, but they are there to be exposed. "The world is not becoming a more corrupt place," he told the students. "In fact, it's getting better. The issue of integrity is alive everywhere." His role, his company's role, was—Lynn hated this image, he said—"to help keep the fish tank clean."

The first question, from a Nigerian student, was more in the nature of a plea. "In my country, you cannot imagine the corruption," the young man said. "It is everywhere you look, and you can be killed for saying anything. Please, please come to Nigeria. We need you."

"O.K.," Kroll said, one hand outstretched as if to steady the young man. "O.K." Kroll's gaze—he has big, slightly bulging pale eyes—did not leave the Nigerian's. "We are there. We've been to Nigeria about ten times in the past year or two. People exist there who want to turn things around. It's a very tough environment. But we are there." He asked the young man to write down his contact information.

A student from Germany asked how Kroll had the authority to conduct investigations. Wasn't that role reserved for the police?

"No" was the short answer. Kroll needed a license to operate, that was all. Kroll then told a story about an American telecommunications company that was being extorted by Turkish hackers in Germany. The F.B.I. was not ready to

get involved, so the company brought in Kroll. Kroll sent an operative into the hackers' midst, quickly gathering enough evidence to interest the F.B.I. "This is how I make my living," Kroll said. "The F.B.I. is busy."

Actually, that's not how Kroll has made his living, or, at least, not most of it. Breaking up extortion rings, nailing dictators—that's the Marvel Comics version of Jules Kroll's career. Kroll really made his living, and his name, on Wall Street. He owed his success not to Spider-Man but to Goldman Sachs and Skadden Arps and a long list of corporations, law firms, investment banks, management consultants, hedge funds, and brokerage houses. Kroll likes to say, "Sunlight is a wonderful antiseptic." But he and his company have been more highly valued for keeping things in the dark than for the occasional, client-approved exposé. They are the keepers of innumerable embarrassing, probably career-destroying, possibly corporation-destroying secrets. Jules Kroll may pose, credibly, as a crusader for truth and justice, but his life has been more interesting than that.

Kroll is widely credited with having created an industry where there was none. Call it corporate intelligence. There were, of course, plenty of detective agencies and security companies around when he started, but successful private investigators in the United States—Pinkerton, Wackenhut—have tended to expand into guard and alarm operations. Kroll took his business in another direction: upward, into finance and strategic planning. He offered an ever-widening range of services—forensic accounting, crisis management, competitor analysis—tooled for a globalized business world, in which industrial espionage, counterfeiting, computer fraud, identity fraud, and sophisticated financial crimes have flourished.

"He was legitimatizing private-detective work at a different level," Joe Rosetti, who was the vice-chairman of Kroll until 2001, said. Rosetti was the security director at I.B.M. when Kroll recruited him, in the early eighties.

In 2004, Kroll sold his company to Marsh & McLennan, an insurance conglomerate, for nearly two billion dollars in cash. Kroll, already a wealthy

man, pocketed around a hundred and seventeen million dollars (his ownership stake, once a hundred per cent, was diluted after he took the company public, in 1997), and he stayed on to run Kroll, Inc., as a Marsh subsidiary. He retired in July, 2008. Constrained by a one-year non-compete agreement with Marsh from conducting any Kroll-type business, but now unconstrained by the client interest and discretion that had always restricted his role in public debates, Kroll began to speak in lectures and interviews about failures of corporate governance and the deep flaws of standard investment models. He knows an unusual amount about what laid the financial industry low last year. For traumatized investors betrayed by the credit-risk rating agencies, what is needed, he says, is "a whole new risk model."

"Risk mitigation" is one of Kroll's preferred descriptions of his line of work. Like other catchphrases that he has employed through the years—"professional services," "management consulting"—it helps rub off the patina of seediness attached to the term "private investigator," something that has been the bane of his branding efforts since the day he started. And in the integrity business—yet another way he describes his field—brand is everything.

Plan A was politics. Kroll's college classmates all seemed to foresee a career in public service for him. Jay O. Light, now the dean of the Harvard Business School, told me that he thought Julie, as he was known, might end up as governor of New York. Others thought, First Jewish President. Kroll was outgoing, popular; he was elected vice-president of the fraternity council. He had a photographic memory for faces and names. He fought, successfully, to repeal fraternity rules restricting membership to white Christians. He went to law school at Georgetown, and worked for Senator Robert F. Kennedy; in 1968, he helped coordinate Kennedy's Presidential campaign in Queens. In 1971, at twenty-nine, Kroll ran for the City Council. He was a reform Democrat, campaigning on an anti-corruption platform, and he got thrashed by the Democratic Party machine candidate.

Jay Light was surprised to hear after-

ward that Kroll had gone into business. “Jules was never interested in money,” he said. But his election defeat had shaken Kroll. He had been right about the corruption in Queens; the candidate who won later went to prison. The machine felt unbeatable, though, and Kroll was in debt. He and Lynn had a new baby, and were so broke that their car was repossessed.

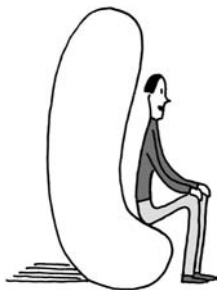
The first employees of J. Kroll Associates had printing backgrounds. When Kroll saw that fraud investigations were becoming a source of profit, he started hiring ex-detectives. He soon went into other industries. Trying to help a bank streamline its purchasing, he ended up in the warehousing business. “Once you’ve been invited into someone’s dining room to feed them, you want to have more than salad to offer,” he told me. “You gain their trust, they’re going to want to try your soup and your dessert.”

Early on, Kroll cultivated law firms as clients, though he avoided criminal-defense work. “I didn’t want the government wondering which side we were on,” he said. He also, for the most part, stayed away from divorces, a staple for private investigators. “My problem with divorce work wasn’t just that it was *déclassé*,” Kroll said. “It was that emotions ran so high, people were so upset, it actually spoiled relationships with clients. No matter how good a job you did, they’d never want to see you again. Seeing you would remind them of the worst moments in their lives.”

Detective firms, on the whole, hire mostly retired cops. In 1981, Kroll hired Tommy Helsby, a failed philosopher—he had abandoned a dissertation at Cambridge University on “the metaphysical basis for formal logic.” Helsby told me, “This was in the days when you could wander into Jules’s office and wander out with a job.” He is still at Kroll, serving as regional chairman for Europe, the Middle East, and Africa, out of the company’s London office. I asked Helsby if his training in metaphysics had helped him as an investigator. He thought it had.

Kroll hired former prosecutors, accountants, investigative journalists, academics, and specialized researchers. He

looked for capable fact finders: people eager to comb through courthouse records, think through problems, knock on doors, and get strangers to tell them things. Helsby said, “The challenge was how to make all these different skills and professions work together. How to get the grizzled ex-cop to respect the twenty-five-year-old database jockey. How to make the lawyer get off his high horse, roll up his sleeves, and get down there and work with the accountants. It helped enormously that Jules treated everybody with respect.”



“If you put together a team that’s all ex-detectives, you’ll get the same answer every time,” Kroll said. “I like to mix it up. You need at least one woman on any team. She’ll have a different view.”

He lovingly buffed his company’s image. “Jules used to joke that the third person he hired was his driver,” Helsby said. “He carried himself like the captain of a billion-dollar corporation when we were a five-million-dollar corporation.” Daniel Karson, who, before he started at Kroll, in 1983, was a prosecutor, said, “Jules never walked in the service entrance of any building, figuratively speaking. He considered himself the equal of any merchant banker, any law-firm partner.”

In 1982, Drexel Burnham Lambert, the investment bank, agreed to underwrite a twenty-five-million-dollar public offering for a Minnesota charter-flight company that, as it turned out, flew almost no charter flights. Fred Joseph, Drexel’s chief executive, was mortified. He asked a partner at Skadden Arps to recommend an investigator who could dig up all possible problems with potential counterparties. The Skadden partner sent over a list of names that included Dick Tracy, Charlie Chan, Sherlock Holmes, and Jules Kroll. The only phone number he had, he said, was Kroll’s.

Joseph hired Kroll just as Drexel’s business was taking off—this was the era of junk bonds and hostile takeovers. Kroll’s work for Joseph was primarily due diligence on the people and companies that Drexel was considering underwriting. “Our business was everything you wanted to know about the legitimacy but were afraid to ask,” Kroll told me. The

go-go world of eighties investment banking was, Kroll found, strangely starved of facts—there were so many new players, and a mad rush to get deals done. This was true not only in New York but in Margaret Thatcher’s deregulated London, where, in 1986, Kroll sent Dan Karson to open an office.

Kroll’s background checks quickly became a standard business tool in the financial industry, even a verb—“We need to Kroll him.” The lawyers in one complicated case told me that a room set aside for the most sensitive documents, with strictly controlled access, was known as the “Kroll room.”

Quiet problem-solving became a Kroll mainstay. “Most of our most successful cases you will never hear about,” Tommy Helsby told me. “No one will. That’s the whole point of them.” The Foreign Corrupt Practices Act of 1977, which required American companies doing business overseas to stop bribing foreign officials, generated a lot of auditing and compliance business. The company opened offices in Paris, Moscow, São Paulo, Tokyo, Singapore, and Manila, among other places. It began to provide clients with assessments of political and criminal risk; executive protection, also known as bodyguarding; and K. & R.—kidnapping prevention and, in the event of failure, ransom negotiations.

Overseas operations eventually accounted for a major part of Kroll’s business. I asked Helsby if Kroll had stringers in every country on earth. “We currently don’t have a guy in Antarctica,” he said. “If you know anybody good, let me know.”

Dan Karson worked on one international case for seven years. The clients, Nokia and Motorola, had separately made loans, totalling \$2.7 billion, to a Turkish family, the Uzans, to build a mobile-phone network. The Uzans simply pocketed much of the money. Kroll helped find and seize their assets—apartments on Park Avenue, a mansion in Belgravia, a jet on the tarmac in Berlin. Rick Simonson, a Nokia executive, remembers a blizzard of shell companies, countersuits, threats, phony accounts, and frauds. “Jules had tracked enough people like them,” Simonson said.

Kroll sometimes trumps the local

police. This happened in London, after an Italian banker named Roberto Calvi was found hanged under Blackfriars Bridge, in 1982. The death was initially ruled a suicide, but Calvi's family was not satisfied. Calvi, who was known as God's banker, because of his close ties to the Vatican, had had many powerful enemies, not least the Italian Mafia. The suicide ruling was later set aside. In 1991, the Calvi family hired Kroll. Among other things, the firm's investigators reassembled the scaffolding from which Calvi's body had been found suspended; had a man the same size and weight, dressed in an identical suit and loafers, climb by the only possible route; and then examined his shoes under a microscope. They had traces of paint and rust from the scaffolding on the soles; the ones Calvi was wearing did not. Kroll concluded that Calvi had been murdered.

Kroll's report elicited headlines in the British tabloids. The City of London police initially dismissed the report as amateurish, but Calvi's death was ultimately reclassified as a homicide. (In 2005, five people, several with ties to the Mafia, were charged in Rome with the killing. In 2007, they were acquitted.)

As Kroll became more successful, the firm had to be vigilant about entrapment by adversaries, competitors, or parties unknown. "We'd get a phone call from somewhere in Europe," Joe Rosetti said. "I have an assignment for you. Here's what I want you to do. I want you to intercept this or that.' And we'd say, 'First off, we don't take jobs over the phone. Second, we don't know you.' Just that word 'intercept' would raise a flag. We didn't do intercepts. That's illegal."

Clients, too, sometimes requested outlawry. "People ask us all the time to go crack that bank account," E. Norbert Garrett, who headed the firm's business-intelligence and information practice and now consults on the company's operation in Asia, told me. "Make the fake phone call, et cetera. But looking inside banks—that's illegal. We're tempted from time to time, but we just don't do it. We develop human sources, and that takes time." Kroll, Inc., does not have the power of subpoena or the

power of arrest. Its investigators must use weapons that are both sharper and softer than those available to the police. Wiretaps, break-ins, bribes—Jules Kroll likes to dismiss competitors who use such tactics as "cowboys." But he has hired plenty of graduates of the C.I.A. and other secret services, such as M.I.6 and the Mossad, and has also been obliged to fire some for breaking the rules. With the end of the Cold War, a flood of former spies came onto the private-security market. Their methods and networks could be useful, particularly in countries, such as the ex-Soviet states, newly opened to foreign investment.

Kroll has hired two former New York City police commissioners: Robert McGuire, in 1989; and William Bratton, in 2000. McGuire was instrumental in landing a major contract to redesign the security system of the World Trade Center after the 1993 terrorist bombing. He also helped Kroll get named the monitor of a federal plan to force the Gambino crime family out of the trucking business in the garment district. A series of similar jobs—monitoring cleanups of the Los Angeles police and the Detroit police—came Kroll's way. They were a steadier income source than investigations.

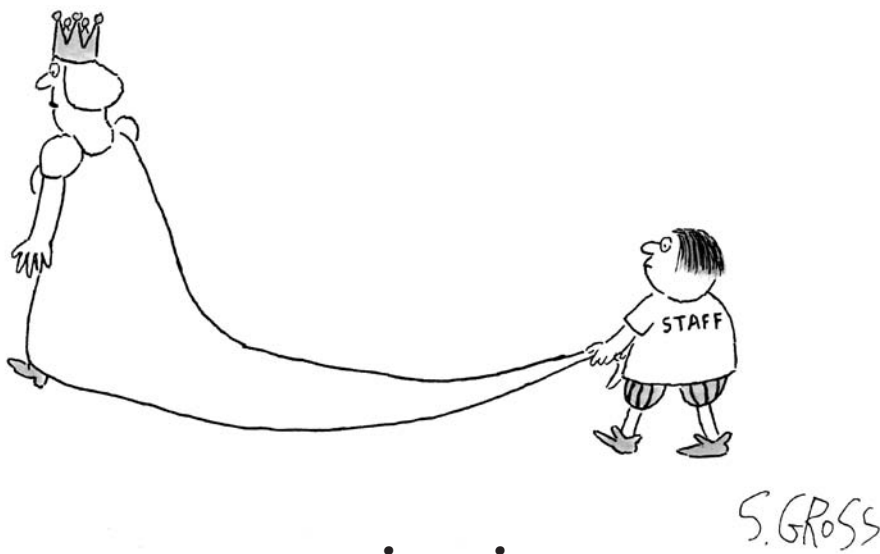
Jules Kroll never liked living from case to case. Just waiting for jobs to come over the transom was too chancy. He had endless ideas for new lines of busi-

ness, but rarely the revenue to implement them. In 1991, Maurice (Hank) Greenberg, then the chief of A.I.G., one of the world's largest insurance companies, convinced Kroll that they were in the same business: "risk." Two years later, Kroll sold about twenty-two per cent of his company to A.I.G. That gave him some of the acquisition capital he needed. In 1997, Kroll merged with an Ohio armored-car company and went public. Revenues soared and Kroll went on a company-buying spree. The merger later came undone. (It was a cultural problem, he said. "They can march. You can't teach them to swim.") But by 2004 Kroll, Inc., was worth more than a billion dollars.

Kroll has suffered its share of embarrassments. Its agents have admitted to Dumpster-diving through shredded documents once they're on public property. That happened in a fight between the cosmetics giants Avon and Mary Kay. But there are allegations that the firm has gone lower still. According to James B. Stewart's book "Den of Thieves," Martin A. Siegel, who, in 1987, had pleaded guilty to insider trading while at Kidder, Peabody, was harassed by Kroll operatives seeking to intimidate him so that he wouldn't testify against an arbitrator at Goldman Sachs. The Kroll employees impersonated a New York City police officer and a journalist; scared off a potential donor to a children's camp



"I'll trade you my cupcake for your head lice."



that Siegel was setting up; and paid his sixteen-year-old babysitter fifty dollars for damning information about him. (Jules Kroll disputes this account.)

When I asked Kroll about the company's low moments, he said, unhappily, "The jeans wars. Jordache versus Guess. It was a full-blown brawl."

The company's "worst black eye," according to Kroll, came in Brazil in 2004, when the federal police raided the firm's São Paulo offices and arrested five employees. Kroll had been hired by Brasil Telecom to investigate whether the company's second-largest shareholder, Telecom Italia, was laying the groundwork for a takeover. The government accused Kroll of wiretapping, bribing officials, and illegally intercepting e-mails. The real reason for the raid, according to Jules Kroll, was a large payment made by Telecom Italia to former police authorities. (Telecom Italia says it played no role in the raid.) Meanwhile, he said, the company still hasn't recovered from "the pasting we took" in the Brazilian press.

But a deeper injury to the Kroll brand may be in the making. R. Allen Stanford, the Texas billionaire now in jail and facing charges of having operated, from a base in Antigua, a multibillion-dollar Ponzi scheme, was a longtime Kroll client. Kroll also gave at least one other client assurances about Stanford. In 2007, a Maryland-based foundation retained Kroll to evaluate the soundness of Stanford's bank, and Kroll produced a positive report. The foundation lost a substantial amount of money. (A spokes-

woman for Kroll said that a lawsuit filed by the foundation has been resolved.) For more than a decade, Stanford fought off inquiries from a battery of United States government agencies—the F.B.I., the I.R.S., the S.E.C., the State Department—that were interested, variously, in whether he was laundering money for drug dealers, defrauding investors, avoiding taxes, or committing other crimes. He was finally indicted, last June. Kroll's dubious role in the Stanford saga was detailed in the July issue of *Vanity Fair*. Although no Kroll employees have been indicted, at least one has been fired. The Stanford case has the potential to show a company engaged in something other than the integrity business.

Kroll does not keep a list of cases and clients it turns down. (Allen Stanford should, clearly, have been on such a list.) Jules Kroll did tell me about an approach, in early 1992, from the first Clinton Presidential campaign, which was then floundering in the glare of the Gennifer Flowers affair. There might be others, Kroll understood, who would need to be investigated. Kroll said no.

"Every election, we get campaigns asking us to do opposition research," Dan Karson told me. "We won't do it. Not because we're afraid that the other guy might get elected but because we don't want to be associated with digging up dirt. If a campaign wants us to do due diligence on itself, that's different. We'll do it." Of course, Kroll routinely does intensive opposition research—"digging up dirt"—in corporate battles.

As it happened, the Clinton campaign came back to Kroll later, he says, in 1992. Staffers were worried that the Arkansas governor's mansion had been bugged. Kroll took that job. His agents swept the building and found nothing. I asked if he would have done the same for George W. Bush—not his favorite politician. "Sure," he said. "It's a public service."

Kroll's conception of public service—or, in another context, the national interest—is too subtle for some observers. The French, for example, have never understood it. When Kroll, working for the displaced government of Kuwait, revealed, in 1991, that Saddam Hussein was a major shareholder in Hachette, France's largest publisher, it confirmed an existing view in official Paris that, as Norb Garrett put it, "we're the C.I.A.'s stalking horse." Brian Jenkins, a former deputy chairman of Kroll, explained, "The French were projecting. Their secret service worked on behalf of their private sector, no apologies, and their companies working overseas reported to their secret service. They just figured we were being more clever about it and created this thing called Kroll."

With its international intelligence networks and their sometimes unnerving abilities, Kroll began to be described as "a private C.I.A." This was unhelpful. Garrett—who was the C.I.A.'s station chief in Cairo before he joined Kroll—told me, "We can't work in certain parts of the world if people believe we're C.I.A. We just can't."

In business terms, dictator-asset searches burnished the brand. Public investigations of corrupt, unpopular officials also raised Kroll's profile. In 1992, the Brazilian Congress impeached President Fernando Collor de Mello, largely on the basis of a Kroll report.

But not all governments are capable of making use of an investigation's results. Even after Kroll helped freeze Duvalier's assets, the new Haitian government was unwilling to execute basic legal maneuvers to claim them. The Haitians stopped paying their New York lawyers, a move that effectively took Kroll off the job. This outcome remains one of Jules Kroll's keenest professional regrets.

Garrett said, "You think you've really teed up the information for litigation,

and a client doesn't want to do anything. You've got the goods on a cabinet minister or a Vice-President, and the government or the company or the family decides it doesn't want the embarrassment. To illuminate the playing field—that's our job, not to press charges. We're not prosecutors."

During the Boris Yeltsin era, the Russian Federation hired Kroll to trace the country's huge capital flight and unusual overseas K.G.B. accounts. "The fact that they hired us at a press conference should have told us they weren't serious," Helsby said. "They got their I.M.F. loan, which was the only real point, I suppose. We found good stuff, but it turned out they didn't want it. And then they didn't pay the balance of our bill." In 2006, the Russian parliament and the state prosecutor both announced that they were investigating Kroll for allegedly operating without a license.

I recalled a story that Brian Jenkins told me: "Jules and I were at Davos, maybe 1996. One night was a black-tie gala—heads of state, heads of the world's largest corporations. So, as we were walking down the stairway into this sea of plutocrats, Jules said, 'You know, Brian, half of these people are our clients.' And I said, 'Half of these people are our *subjects*.' I meant subjects of our investigations. And we were both right."

After Al Qaeda bombed the American Embassies in Nairobi and Dar es Salaam, in 1998, Kroll faced a dilemma. The Clinton Administration had responded with cruise-missile attacks that destroyed, among other things, a factory in Khartoum that it claimed was producing nerve gas for Osama bin Laden. Salah Idris, the owner of the factory, wanted to sue the United States, which had frozen his bank accounts, and his lawyers in Washington, good Kroll clients, asked Kroll to investigate.

"Normally, we wouldn't take a case like that, against the U.S. government," Jules Kroll said. But he asked Norb Garrett to look into it.

"I saw that the facts didn't fit the Clinton Administration's description of things," Garrett told me. The alleged connection between Salah Idris and Osama bin Laden appeared unlikely. Idris's lawyer was a well-known human-

rights advocate and opponent of Sudan's Islamist government, and the government of Saudi Arabia had granted Idris citizenship—something it would not readily have done for a bin Laden crony. "So I suggested we take it," Garrett said.

Kroll's investigation (like many others, including one for this magazine by Seymour Hersh) refuted Washington's claims. "I felt slightly guilty about it, because I didn't want to embarrass the agency, or the federal government," Garrett told me. "When the report was finished, I called George Tenet"—the C.I.A. director—"to see if he wanted to read it. I mean, we don't have access to electronic intercepts; we're not the C.I.A. At first, he said yes, but then he changed his mind, because of the litigation. So we, along with his lawyers, briefed some House staffers on it, just to try to keep our skirts clean with the federal government." (On the day the U.S. had to respond to Idris's suit, his bank accounts were released.)

Garrett explained the disparity between what Kroll could do and what the C.I.A. could in a place like Sudan. "They have to rely on public and covert sources," he said. "But we can go straight to Salah Idris. He's our client, after all. We can go straight to his friends. We can be manipulated, of course, shown incomplete information, and sometimes we have to walk away from a case if we don't trust somebody. But we definitely have some advantages."

The terrorist attacks of September 11th generated a grim surge in business for Kroll, as corporations rushed to improve their security plans. Jules Kroll had long since left individual case management to others, although he still met with clients and liked to "feel the threads" of investigations in progress. He was now running a large, complex organization, with much of its workforce overseas and at least five offices that were actually bigger than the one in New York. "Jules was always playing the long game," Dan Karson said.

Now the game seemed to be to sell Kroll, Inc., while the selling was good. Kroll set his sights on Marsh & McLennan, the world's biggest insurance broker. This was early 2004, and Eliot Spitzer, then New York's attorney general,

had been looking into Putnam, Marsh's mutual-fund subsidiary. Kroll met with Marsh. Not only did his company specialize in regulatory compliance; Michael Cherkasky, one of its executives, had been Spitzer's mentor in the Manhattan D.A.'s office.

Marsh and Kroll, it was implied, might be a good corporate fit. Marsh was interested, but would move to acquire Kroll only if Jules Kroll and the rest of the leadership stayed and ran it. Kroll agreed. The two sides went back and forth over whether the deal would include Marsh stock, but in mid-May, one month after Spitzer subpoenaed Marsh, they settled on an all-cash agreement: \$1.9 billion, paid in July, 2004. Three months later, Spitzer charged Marsh with price-fixing and collusion, and Marsh's stock fell by almost fifty per cent. It has never recovered. Kroll's luck, or timing, had been superb.

Did selling Kroll to a client that was under investigation harm the Kroll brand? It doesn't seem so: revenue is strong. The fraud-investigation business, people say, is countercyclical: when times are bad in other fields, fraud rises, or is exposed, and jobs pour in.

But Kroll, Inc., has not been the same since Jules Kroll left. "It's a little like growing up and leaving home, except in this case it's Daddy who left," Tommy Helsby said. "Being out of the warming rays of Jules Kroll's personality, people feel they've lost something. We will become less intense. We will become more of a normal company. It may be a healthy thing."

Norb Garrett has his doubts about normalcy, which has been creeping up on Kroll for more than a decade, owing to its acquisitions. "Our new sister companies wanted to integrate operations more," he said. "That sort of transparency does sort of complicate our lives, as we get bigger and more mainstream. They asked me to write a code of conduct, which I refused to do. . . . They asked me point blank if I had ever lied. I had been working under an *alias*, for Christ's sake!"

Kroll can see Manhattan from his house, which sits on a headland called Parsonage Point, on Long Island Sound, in Rye. The winding driveway is lined with plastic "Drive Slow" kids, evidence of seven young grandchildren.

The house is big and comfortable but not particularly grand. There are two other houses on the property. Alex Rodriguez rented one last season.

The four Kroll children all claim that they had normal lives as kids in Rye. Their father coached their soccer and Little League teams. Nick, the youngest, who is now a comedian and a writer in Los Angeles, said, "There were kids whose dads were middling accountants in Port Chester who couldn't make it to a game. My dad, who'd been out chasing Marcos and Baby Doc, was the coach. He never said, 'Oh, I have a big job, I'm busy.'" (Nick was, however, embarrassed when his father arrived at a Little League game in a limousine.) During the Saddam investigation, Kroll hired off-duty policemen to block the driveway of the house. The *Post* later darkly mentioned "potential assassins." He told me he was just being cautious.

The importance of discretion was impressed on the children. Nick said, "I was always, like, 'Dad, is the house bugged?'" Vanessa, the second-youngest, said, "People came to him in crises, on their worst days." She worked in civil-rights enforcement at the Department of Justice after college and, later, as an analyst at Kroll. Dana Kroll Carlos, the second-oldest, had a first career in sustainable agriculture; she was, until recently, in charge of corporate responsibility and diversity for Kroll. Dana said of her father, "He put a lot of trust in us. There were always these important phone calls, even on weekends."

I knew what she meant about the phone calls. During our interviews, Kroll took many of them. A local mogul, calling on behalf of someone planning to launch "the Kroll of Israel"; Susan Isaacs, the novelist, wanting to know, for research purposes, what would happen first if a prominent financier disappeared. Kroll told her about being brought in after the kidnapping, in 2003, of Eddie Lampert, a billionaire hedge-fund manager in Greenwich. For other calls, requiring privacy, he withdrew into a glass-walled office.

Kroll's discretion lives, somewhat mysteriously, alongside a deep gregariousness. He loves to tell stories, digress, and speculate, and his enthusiasms are beguiling. But, for all his freedom to speak his mind now that he is no longer accountable to shareholders, he struck

me as being still, in many ways, a walking vault of confidential information.

Jeremy Kroll, the oldest sibling, who is thirty-eight, has a sober business mind. He helped take Kroll, Inc., into computer forensics, which ended up being one of its most profitable arms. But he is probably best known at the firm for having led a team, in 2001, that seized equipment and gathered electronic evidence at a bank in Bosnia where a group of Kroll auditors had earlier been taken hostage by Croats. The Croats were angry about an investigation into the misuse of a large pile of United Nations money. Everybody got home safely, and the U.N. got its money back.

Jeremy told me that it had taken him a while "to come to grips with the whole father-son experience in business." He now seems to have found his way. After Jules's non-compete agreement with Marsh & McLennan lapsed, this summer, he and Jeremy launched K2 Global Consultants, a risk-consulting and investigations firm that one industry analyst quickly dubbed Kroll & Son. They just opened their first overseas office, in London.

Jules Kroll was in his sunroom, ten yards from the water. He was wearing a blue pullover and boat shoes. It was overcast, and bleached cattails were thrashing in the wind. Kroll was feeling happy about news that the state-owned aluminum company in Bahrain was suing Alcoa, the aluminum maker, for allegedly conspiring to bribe Bahraini officials. (Alcoa has denied the allegation.) Nothing against Alcoa, but this was good.

"A government-run enterprise suing a company for bribing its own people. It's a great precedent"—the sort that portends waves of business, he believes, for companies like Kroll. "There is so much due diligence to be done in developing countries," he said.

Lynn Kroll was reading the paper, gasping at the latest economic news.

"It'll reflate," her husband said, without immense conviction.

Lynn, who worked for nonprofit



groups before the kids were born, is now a full-time philanthropist. There's a Lynn and Jules Kroll Fund for Jewish Documentary Film. Among the recent films it helped finance was "Waltz with Bashir."

Kroll sipped coffee, staring out across the wind-ripped water. Manhattan was a spiky clump of towers on the southwest horizon.

"There's a lot of Monday-morning quarterbacking going on," he said. "The issue now is how to find a better balance between public and private control. But it's not easy to get the proper tension on the line. The political class is going to have a dramatically larger role. Politicians will be appointing administrators over financial institutions that in turn contribute to politicians."

Kroll took a call. "Ambassador, how's the jaw?"

People wanted to know what he was thinking. Some wanted in. What he was thinking, he told me, was about starting "a risk-rating agency on steroids." The big credit-rating agencies had failed, comprehensively, to price risk accurately. Their basic setup, in which the companies issuing securities were the ones who paid to have them rated, was flawed.

"Credit ratings turned out to be a false god," Kroll said. "People relied on those ratings. Now they're saying, 'Oh, we gave it a high rating but we were just expressing an opinion.' And that's bullshit. These structured instruments—why shouldn't we be able to rely on these ratings, as investors?"

A main theme in Kroll's new projects, or potential projects, is trust—perhaps the scarcest commodity in today's financial markets. "I'd like to do the same thing I did with the investigations business," Kroll said. "Change the business model." A new credit-rating firm could be launched by early 2010. Pointing at me, he said, "We have to convince the Finnegan Corporation that this will be a more honest process. That's where the Kroll name comes in."

He got up and started pacing. Kroll can't sit for long—old baseball injuries, he said. He seemed to be thinking hard. "Somebody's got to do this," he said finally. He was looking across the water, to where patches of sun lit up bits of the north shore of Long Island. "It might do some good," he said. "It might even make some money." ♦