

Management & Finance

Hey, UK plc, it's time to clean up your act!

Take it from a man who knows, who has taken on everybody from the Mafia to Wall Street's biggest hitters. Carol Lewis reports

Every day's a free ticket to a show," Dan Nardello says, laughing so loudly that the Claridge's tea cups on the table in front of him rattle.

The gregarious Italian-American corporate investigator is recounting his adventures in a career spanning junior media lawyer to owner of a multinational company, growing especially animated when reminiscing about his time in the US Attorney's Office in New York's Southern District, with Rudy Giuliani, prosecuting Mafia and Wall Street fraudsters.

"I was never scared, they [the Mafia] would never kill a prosecutor." He leans forward. "Listen, I'm an Italian-American from Brooklyn, I grew up with these guys. They were always very nice to me. They'd say: 'Hey, Danny, how's it going?'" he says in his deep New York accent.

"Now I've prosecuted some corrupt cops, been threatened and had to have protection," he says leaning back, "and I can't tell you how many celebrities I've saved from extortion attempts by mistresses . . . and all sorts of crazy stuff."

It is difficult, given the banter peppered with "you'd better not print that" and "that probably should stay off the record", not to imagine that you're in an episode of *The Sopranos*, but this is serious stuff. The sharp-suited Mr Nardello has some very unglamorous advice for British business — it needs to clean up its act.

The former lawyer, who is chief executive of Nardello & Co, a corporate investigations company with offices in London, Milan, New York and Washington, says that business executives often ask investigators to



Daniel Nardello is an Italian-American who grew up in Brooklyn with the Mafia gangsters he later prosecuted

tap phones, hack into computers or obtain bank details illegally.

"It's just stupid," he bellows. "One of the challenges we have is explaining to clients that they need to be careful what they ask for, because they may get it and once they have they can't put the genie back in the bottle. We need to educate clients that illegal and unethical means aren't a short cut — it's a source of *tsuris* [Yiddish for aggravation]. There are ethical means, you don't need to be all cloak and dagger, and, frankly, it's not as effective, anyway." He says that his investigators — a mixture of lawyers, former prosecutors, former journalists and forensic accountants — prefer to rely

on tactics such as talking to disgruntled ex-employees, boardroom leaks and obtaining information that is in the public domain "by creative means".

Yet, he warns, there are lots of sub-

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contractors and investigators who are willing to be "sloppy, unethical and illegal". "We had this guy in London who would ring. His pitch was he could obtain bank account information illegally. You get a lot of that sort

of thing, particularly in London. I don't know why."

Corporate work, he says, can be every bit as exciting as his Southern District days, without the need for wire-tapping and hacking, and he is still exposing Wall Street scandals. "The difference between the Mafia and the bankers? The bankers are better-coiffed, but the motivation is often the same. You're dealing with very high stakes and interesting people. It's different but it's a lot of fun."

He recounts a recent \$100 million fraud case in which teams of investigators spent three years chasing "a bad guy" around the world. "The people we came across, the schemes we

uncovered and the places that we got to go were incredible."

And business is booming. Mr Nardello is hiring staff and looking to open new offices.

"When everything goes pear-shaped, typically litigation follows, but this time round it is different." He says that during this recession civil litigation is down because companies can't afford the costs. If there are costs, they prefer to settle quickly out of court.

Criminal litigation is buoyant, especially for white-collar crime and, in particular, security fraud. Other areas of work that are holding up include "self due diligence" on people or companies going into capital markets, crisis management, internal investigations and asset tracing.

The growth in work for investigators such as Mr Nardello is a combination of trends, among them the extra-territorial reach of American prosecutors and regulators, greater emphasis on transparency, more cross-border co-operation and more countries adopting anti-bribery laws. "The UK has been slower than most in adopting anti-bribery legislation," Mr Nardello says. British legislation is going through Parliament.

"This law will not be a formality. The pressure and the competitive temptation to pay bribes in jurisdictions where that is the cultural norm is great and it is bad . . . Corruption causes imbalances in the workplace, inefficiency, it's a huge problem. It's also a matter of aesthetics. How could the UK go without it? Even Italy is ahead on this one." The law alone will not change anything, he argues, but a few high-profile cases should "inspire corporate executives . . . There are three compelling things in life: illness and death; the end of a love affair; and criminal prosecution."

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