

The scene is the ornate, opulent dining room of Buckhurst Park, a grand, 16-bedroom country house set in 60 acres of Windsor Great Park. It is Christmas Day 1984, and Lord Palumbo is having lunch with his three children – James, Annabella and Laura – and their uncle, Michael Wigram. Upstairs, their mother, Denia, is asleep, recovering from a hysterectomy. There is little seasonal cheer. The atmosphere is formal, soulless, almost ceremonial, and there is tension in the air.

The relationship between James Palumbo, at that point a precocious 21-year-old history student at Oxford, and his father, Peter, has been gradually deteriorating. From an early age, James reacted against his privileged lifestyle and was uninterested in society, polo and protocol. Peter was a man with a reverence for authority and a passion for outdoor sports. But his son preferred playing chess and spending hours in his room listening to classical music. James became increasingly mischievous and irreverent, and family holidays in the Caribbean turned into pitched psychological battles.

During lunch, father and son snap at each other after James makes a mildly critical remark about Denia. But then Annabella breaks an expensive Georgian champagne glass. Lord Palumbo glares and glowers at her and sighs heavily, and she leaves the table in tears. James immediately comforts her and the lunch is abruptly over. That evening, both children are so furious with their father that they return all their Christmas presents and leave them outside his bedroom door with a note saying: 'These are just material gifts. You don't love us.'

James returns to his room and is about to call his girlfriend when his father storms in. 'How dare you?' Lord Palumbo shouts, and slaps and punches James in the face, drawing blood. Hearing the screaming and commotion, Michael Wigram rushes in, grabs Lord Palumbo's shoulders and manages to restrain him as he launches himself at his son. After informing his sisters, James immediately packs a suitcase and early the next morning moves into a flat on Pall Mall owned by his paternal grandfather, Rudolph Palumbo. A week later, his father sends over his remaining possessions. The two men have barely exchanged a civil word since.

That Christmas lunch marked the beginning of a 27-year family feud of epic animosity. James Palumbo has since made a £150 million fortune as owner of the Ministry of Sound nightclub (and MSHK Group, the global conglomerate it spawned) and the biggest independent music label in the world. Lord Palumbo became an art connoisseur and was well known as a close friend of Diana, Princess of Wales. But the acrimony intensified in 1994, when James and his sister Annabella sued their father and accused him of 'mismanaging and misappropriating significant sums' from the main family trust (originally valued at £70 million) set up by Rudolph Palumbo. And earlier this year the feud was reignited by a new lawsuit by the children claiming that their father had again been treating their inheritance 'as if it were akin to his personal property'.

Today, there is a twist to this Shakespearean tale. While the attitudes of the protagonists are well known, the other child, Laura, has kept her

Laura Palumbo in Richmond Park, September 2010



Laura Palumbo wears printed silk dress, £359, by **Megan Park**, at **Fenwick**. Rayon scarf, £105, by **Sportmax**, at **Harvey Nichols**. Pearl drop earrings, Laura's own. Styled by Francesca White. Hair and make-up by Tania Courtney at Mandy Coakley, using Kérastase and Estée Lauder



RESEARCH PICTURE: PATRICK LICHFIELD



Left, Denia Palumbo, photographed by Patrick Lichfield in 1973. *Above*, Laura Palumbo with her father, Lord Palumbo, on her wedding day, 17 September 1994

PALUMBO V

The Palumbo family has been riven by lawsuits, acrimony and punch-ups for eldest children were 'rotten apples', his youngest, Laura, remained loyal. Until now.

PALUMBO

decades – but even though Lord Palumbo thought his two She talks exclusively to Mark Hollingsworth about a family at war

counsel and remained aloof from the fray. It has been assumed that she supported her father, but the truth is more complex. As she sat at the table during that infamous Christmas lunch in 1984, she was mortified but emotionally torn. It was two days before her 17th birthday, and while she was shocked by the blood pouring from her brother's nose and sympathised with his views, she also craved her father's love.

Laura Palumbo has now decided to tell her story for the first time in an exclusive interview with *Tatler*. Sitting in her modest but immaculate house in Kingston upon Thames, Laura, now 42, is an intelligent, attractive brunette who shares the same Italian bone structure as her brother and even his mannerisms, but not his flamboyant, driven, ruthless persona. She is quiet and unassuming, and exhibits little interest in the luxuries of life. She rarely, if ever, wears make-up, and is devoted to her daughters – Lydia, 13, and Gemma, 12 – and her three dachshunds. But there is a sadness in her dark eyes as she reflects on the premature death of her mother, the allegations against her father

after the war. When he died in 1987, he bequeathed his £135 million to a series of trusts intended to benefit the entire family. His only stipulation was that his children would not inherit anything if they married a Catholic.

Raised by nannies, Laura Palumbo grew up at Buckhurst Park (later sold to King Hussein of Jordan) in a bubble of privilege and fantasy. There was an atmosphere of heavy formality. 'Every day,' she says, 'we were taken by our nannies to say good morning to our parents.' And the children were forced to sit bolt upright through endless dinners and were not allowed to say anything unless spoken to first. Their father was affectionate and playful, but he left the daily parenting to servants. 'We lived in a beautiful house with horses and extravagant presents,' recalls Laura. 'It was superficially wonderful but lonely. My parents were never around much.' Her sister Annabella agrees: 'Our upbringing was materially privileged but emotionally deprived.'

The children's mother, Denia Wigram – who married Peter Palumbo in 1959 – was



From far left, Lord Palumbo with the Princess of Wales, September 1994; Peter Palumbo and Denia Wigram on their wedding day, 1959; Lord and Lady Palumbo, 1994

board of trustees. He is also fascinated by architecture, polo, society and the monarchy. He was ecstatic when he became a peer in 1991. 'I have become a lord,' he told a friend. 'Those people at Eton will become so angry.'

In 1978, when Laura Palumbo was nine, her parents finally divorced, and she moved in with her mother at Denia's house on Blomfield Road, in Little Venice, while she went to Lady Eden's School in Kensington. But it was a difficult time. Mother and daughter were very close, but Denia was unhappy and Laura was isolated from James and Annabella, who were older and away at boarding school.

By the age of 11, Laura was a lonely child and only occasionally saw the rest of her family, notably when they were all photographed together by Cecil Beaton. She was now a boarder at St Mary's School, Wantage, in Oxfordshire, but hated it and was occasionally rebellious, along with other girls like fashion muse Daphne Guinness. 'None of my friends liked that school,' she says. 'It was stuffy and formal. The uniforms were ridiculous, and the attitude and even the appearance of some of the teachers were medieval. I was rather naughty and one escapade did get out of control. One day, a group of us strayed out of school bounds. We walked out into the countryside and after 15 miles we were at Didcot station. It wasn't planned, and so there was only one course of action – we all got on trains and went home!'

Then, in 1984, Laura's life was thrown into turmoil when her mother was diagnosed with ovarian cancer. Her father was supportive, but much of the burden fell on 16-year-old Laura,

who looked after her mother while receiving private tuition to complete

her O-levels. Laura then moved to the Godolphin & Latymer School, in west London, to study for her A-levels. But it was a stressful time, as her mother's condition worsened and required radiotherapy at the Cromwell Hospital. 'She was in huge pain and I didn't always know what to do,' she says. 'The problem was that she did not want people to know, and my father did not realise how bad it was.'

But in Denia's final days, Lord Palumbo rallied round. He hired a private jet and took the whole family – except James – for a holiday in Venice. 'It was a wonderful romantic gesture,' said Laura. 'He even talked about getting married again to her on her deathbed.' When Denia passed away, Lord Palumbo sobbed uncontrollably. 'You were the love of my life,' he cried.

After her mother's death in 1986, Laura, then 19, moved into a house on Elm Place, South Kensington. She was exhausted and desperate to renew her relationship with her father. But barely two months later her father shocked the family by announcing that he was getting married again – to Hayat Mrowa, an elegant Lebanese beauty and the former wife of Ely Calil, who was later implicated by British mercenary Simon Mann in a plot to overthrow the government of Equatorial Guinea (Calil strongly denies the allegations). Peter and Hayat met on a plane from Paris to London, and the glamorous

and immaculately dressed Hayat mesmerised Lord Palumbo. He proposed marriage almost immediately. Even Hayat protested that it was too soon. 'But you don't know me,' she said. 'I'm 51 and I don't have time to waste,' he replied. 'I'll get to know you afterwards.' Since that time, Hayat has become chairman of the Walbrook (a lunch and dining club opened in 2000 by Lord Palumbo and Mark Birley).

At first, Laura and her stepmother were friendly and went shopping together. Hayat had also experienced family tragedy. Her father, a moderate Shiite Muslim newspaper publisher, had been murdered by extremists in his Beirut office when she was 16. And so Laura thought that they might bond. But the shadow of her brother James haunted their relationship. Four years after the infamous Christmas lunch, father and son were still not talking. James regarded his father as a social climber who had tarnished the family name by spending Rudolph

Palumbo's hard-earned money on frivolity and self-indulgence. Lord Palumbo saw his son as an arrogant, impertinent, rude brat who had no respect for authority and his elders. So when Annabella suggested a reconciliation, the new Lady Palumbo declared: 'We don't mention his name in this house.'

At the time of his wedding to Hayat, Lord Palumbo's courting of the royal family was at its peak. He played polo with Prince Philip, the Prince of Wales and Major Ronald Ferguson, father of Sarah, Duchess of York, and one of Laura Palumbo's godparents, and entertained them at Buckhurst Park. Lord Palumbo is especially close to Sarah, Duchess of York, and is godfather to her daughter Princess Beatrice. Polo may have been a passion, but he was entranced by the Princess of Wales. 'My father and Hayat's interest in Diana seemed obsessional at times,' recalls Laura. 'Whenever she visited, everything was immaculately prepared. My father's yacht *Drumbeat* was put at her disposal, private jets were provided, shopping trips organised and parties thrown. But it all seemed to come at a price. I don't think it was a normal or relaxed friendship. Diana was unhappy to be seated at a dinner party thrown in her honour next to Dieter Bock, a German property developer with whom my father was doing business. And Hayat constantly followed her around, even when she went to the ladies' room.'

For Laura, it was almost as if the royal princesses came first: 'On one occasion, I was staying with Annabella in a house near our father's estate and his gamekeeper told us that Diana was at the main house and that we

Denia Wigram's 19-year marriage to Peter Palumbo was tempestuous, tumultuous and passionate, dominated by mutual jealousy and endless rows

over the trusts, his relationship with the royal family, her relationship with her stepmother and the events surrounding one of the most dramatic of family feuds. For the past 16 years she has been a silent and impartial witness. This is her story.

The wealth of the Palumbo family comes from Laura's grandfathers, both of whom were streetwise property entrepreneurs. Her maternal grandfather, Lionel Wigram, was an English Jewish solicitor and property developer who was a Second World War hero as a lieutenant colonel in the British army. A member of a special intelligence unit that ran operations behind enemy lines, he was killed by a German sniper. Rudolph Palumbo was a penniless Italian immigrant from Amalfi. He left school at 14 and, from an East End café, built a burgeoning property fortune by buying up and developing central London bombsites

dazzling, beautiful, intelligent and elegant, but suffered from clinical depression. A debutante and a sophisticated, amusing hostess, she was often temperamental, highly strung and prone to emotional outbursts. She would sleep for hours during the day and was incapable of being on time. Her 19-year marriage to Peter Palumbo was tempestuous, tumultuous and passionate, dominated by mutual jealousy and endless rows. Separations were frequent and so were reconciliations. 'They loved each other very much but could not live with each other,' says Laura. 'It was a very unhealthy love affair,' agrees Annabella.

Lord Palumbo lived a cocoon-like existence and was in awe of his father, whom he called 'Sir'. Rudolph Palumbo tried not to spoil his son but was not always

effective. For one birthday he bought Peter 10 polo horses without saddles and bridles and a house in Hyde Park without furniture. But when his son, an only child, appeared downcast, his father soon relented, and the riding gear and furniture were forthcoming.

After leaving Eton in 1950, Peter Palumbo was excused National Service and later secured a place at Oxford. When his father heard the news, he asked Peter what he was going to read. 'Modern languages, Sir,' said Peter. 'Oh no, you are going to read law,' replied his father abruptly. 'Very good, Sir,' his son agreed, without so much as a moment's hesitation. 'No argument. That's what he wanted, and that's what he got,' Peter later recalled. A brilliant athlete, Peter

Palumbo rarely worked in the conventional sense. He had little need to earn money, but became heavily involved in the arts, serving as a trustee of the Tate Gallery from 1978 to 1985 and as chairman of the Arts Council from 1988 to 1993. Today, he is a trustee of the Natural History Museum and the chairman of the Serpentine Gallery's



Right, Peter Palumbo and Laura Palumbo, photographed by Cecil Beaton, 1979. Far right, Laura in Swinley Forest

RESEARCH PICTURES: ALPHA PRESS, ALAN DAVIDSON, BARRY SWAEBE, CECIL BEATON STUDIO ARCHIVE/NATIONAL PORTRAIT GALLERY, LONDON

were not to walk by the river that afternoon in case we disturbed her. Later, a big party was thrown for her, with a marquee and all kinds of fuss, but we weren't invited and I only found out from the office staff.'

But it appears that Diana became wary of the friendship with Lord Palumbo, and their relationship cooled. In 1993, the Palumbos went on holiday to the United States for several weeks and allowed the princess to stay at Bagnor Manor, their new country house in Berkshire, with her sons, Harry and William. It was a kind gesture, because Diana's marriage was then in turmoil. While they were being shown around the 1,000-acre 17th-century estate, which was full of grand antiques, Prince Harry remarked excitedly: 'Wow, Mummy, whoever lives here must be rich.' 'Not rich, darling,' replied Diana. 'Fortunate.'

This was a telling remark, because Lord Palumbo had been spending prodigiously since his marriage to Hayat. The expenditure resulted in a new level of family feuding. At issue was the management and disbursement of the main family trust, worth £70 million. By this time – 1994 – James Palumbo was a successful commercial property developer and owner of the Ministry of Sound nightclub. After examining the trust's accounts, he believed that his father had mismanaged and misappropriated vast amounts of money, and he wrote several letters to his father's lawyers asking about the funds. Eventually his father replied: 'If you have any more questions, you will have to try your case in court.'

Annabella tried to mediate with their father and stepmother over tea at Bagnor Manor. 'Your brother is the devil incarnate,' said a furious Hayat. 'He is evil, poison. Your father is a generous man. Anyone who stands against us will be annihilated.' Lord Palumbo then interrupted: 'I have contacts in the City, and I will have the press on my side. You can't win.'

Still, James and Annabella decided to sue but first went to see Laura, who was then studying history at King's College,

London. They alleged that Lord Palumbo had misappropriated substantial funds from the trust, spending £22.6 million on extravagances, notably £2.5 million on vintage wine, £1.8 million on classic cars, £13 million on art and £263,000 in donations to the Conservative Party – and that he had lavished presents on his friends, especially Diana (claims that were later detailed in the court documents).

James and Annabella told their sister that the future of their family and their children was at stake. 'I was shocked,' recalled Laura. 'I could not believe what I was hearing, and I also did not want to believe it. But I did not understand all the facts; it was happening very quickly and I am a cautious person. And so I went to see a solicitor, Leslie Powell, who told me, "If you don't understand it, stay neutral," and that's what I did.'

Despite this setback, James and Annabella issued a High Court writ, and the dispute swiftly became vicious on both sides and, at times, farcical – Lord Palumbo even hired a former Page 3 girl, Cherri Gilham, via a firm of private detectives, to spy on his son. She was tasked to infiltrate his inner circle by investigating his friends on a pretext, and she even went to Spain in a failed attempt to persuade Humphrey Waterhouse, an Old Etonian friend of James's, to reveal any scandalous secrets.

War was declared and Laura was caught in the crossfire. Her father saw the case in terms of loyalty. 'I can't stand betrayal,' he said angrily. Hayat immediately lobbied for her stepdaughter's public and legal support. She told Laura that her sister and her brother were 'ungrateful, motivated by evil intentions'. She then added that there was nothing wrong with the trust. 'It was all a big misunderstanding,' she said. 'You should support your father.'

Publicly, Hayat was more diplomatic: 'He has done no ghastly things. He is a very loving father. To have

that [the lawsuit] heaped on you by your children is dreadful. He is their only parent. How can anybody do that? It is really something beyond me, beyond understanding, alien.'

For his part, Lord Palumbo strongly denied the allegations. 'I am absolutely appalled,' he said at the time. 'I was extremely shocked to get the writ. I am left feeling great sadness and regret because it is all so unnecessary. I fear my son and daughter are seriously misguided. If they had the simple courtesy to come to me or the other trustees, they would have had all the explanations they wanted and would have been reassured that there was nothing irregular going on.'

Lord Palumbo claimed that Laura was very supportive. 'I love her very much and am very close to her,' he said. 'She always stood by me and I will always stand by her.' But in reality she remained neutral, and this was compounded by Hayat's attacks on her siblings and on her mother. On one occasion, according to Laura, Hayat told her that her father confided: 'Four days into my first marriage I realised that it was the worst mistake of my life.' Deeply upset, Laura asked her father for an apology or an explanation for these comments. 'Well, Hayat told me that she could have said far worse things about your mother,' he replied.

These exchanges ruined any possibility of Laura's openly supporting her father in the lawsuit. Perhaps her most traumatic experience was her wedding day, on 17 September 1994, at St Margaret's Church, Westminster. Her groom was Neel Tikkoo, the 27-year-old son of Kashmir-born shipping magnate Ravi Tikkoo. A few days before the big event, Hayat came to Laura's house in South Kensington and knocked on the front door, shouting through the letterbox that she should be more supportive. 'They wanted unquestioning obedience and I was not prepared to give it,' reflects Laura.

Despite organising the wedding, Laura was

told by her father that she could not invite her brother, her sister or anyone from her mother's side of the family. 'If you invite them, I won't come to the wedding,' he said. And so, as she walked down the aisle, Laura smiled but inside she was deeply unhappy. 'For me it was a lonely day,' she recalled. 'I did not see a sea of friendly familiar faces, but hundreds of guests who were either friends of my father or the great and the good. It was like a social rally for him. I only knew a handful, and my few friends were tucked away at the back of the church. I was only allowed one aunt from my mother's side. My wedding day reflected my life to that date – outward magnificence but inner scream.'

After the reception at the Savoy, Laura settled into married life in Wimbledon but detached herself from her father and her stepmother. She declined invitations to a pre-Christmas lunch and other family events, and on 15 December 1995 she wrote

'My wedding day reflected my life to that date – outward magnificence but inner scream' – LAURA PALUMBO

to her father to explain: 'As you know, I have been upset and hurt by Hayat's comments, namely those concerning Mummy and your relationship. I feel that I have given you a lot of support in the last two years but this has not been reciprocated.'

The final encounter with her stepmother was bizarre and upsetting. Laura was invited by Hayat to the funeral of Rudolph Palumbo's first wife. 'I was surprised by this request since I had never met her and did not even know that she existed until I was 17,' recalls Laura, who, as a child, had not been told that her step-grandmother was not her real grandmother. 'This was typical of the dysfunctional way that I was brought up. I declined on the basis that I didn't know her and so didn't feel comfortable. Hayat just exploded.'

After the funeral, Laura wrote to Hayat to protest about 'the incredibly hurtful actions and comments that you have made over the past few years... which have caused me mental anguish' and asked for an explanation. Hayat replied that her remarks may have been unfair but blamed her stepdaughter for starting the row. She said that she was shocked by Laura's remarks and called them 'hurtful, unfair, ungrateful and oh so petty'. Hayat felt that she had given Laura support, spent a lot of her time with her and tried to be friends, but that Laura was ungrateful.

Meanwhile, the legal dispute over the trust fund was resolved. After a series of private hearings, Lord Palumbo and his two closest business associates agreed to resign as trustees running the family estate. Three new independent trustees were appointed, and Lord Palumbo was then required to sell off most of his assets to pay money back into the trust, which had lost an estimated £60 million of its value. The sale included

his beloved Bagnor Manor (where he had entertained Diana), two houses in Paris, the famous Mies van der Rohe Farnsworth House outside Chicago, and One Poultry, an office development that Prince Charles once described as 'a Thirties wireless' (it was a comment that ended their friendship).

Following the legal settlement, in 1997, the independent trustees launched an investigation into the debacle. Unusually, however, the judge, Sir John Vinelott, ordered that their report and the terms of the settlement should never be made public, and the documents remain strictly confidential to this very day.

But the settlement only intensified the hostility within the family. Laura continued to see her father for an occasional lunch near his office in the City. But these were quiet, sober affairs, and there were no signs of any rapprochement with her siblings. Lord Palumbo referred to her as 'my only child'. He appeared very depressed about his life, and the family antagonism was never far from the surface.

During one lunch in 2004, an angry Lord Palumbo told Laura that he had discovered that she had seen her sister Annabella. Despite his irritation, Laura did not deny it. 'Well, I thought that I had two rotten apples – now I see that I've got three,' he said. It was a devastating remark, not least because her father knew that Laura was at that time experiencing serious problems in her marriage (she later divorced), though she

stresses: 'My former husband Neel and I live separately but we all still go on holiday together. I appreciate there is no perfect separation when it comes to children, but their interests must come first.'

That encounter was such a painful experience that Laura decided not to see her father again. But there was one final meeting earlier this year after, incredibly, her brother and sister again alleged that their father was misappropriating assets from a family trust. This time, they claimed that Lord Palumbo had secretly sold off valuable art and artefacts from a different £2 million family trust, according to a new High Court writ. These included Sir Joshua Reynolds's painting *The Calling of Samuel*, valued at £30,000, and an antique Georgian clock.

Lord Palumbo strongly denied the claims. 'We shall be resisting the allegations robustly,' he said. But this time Laura supported her siblings. 'I now have a greater understanding of the facts,' she said. 'In 1994 emotions

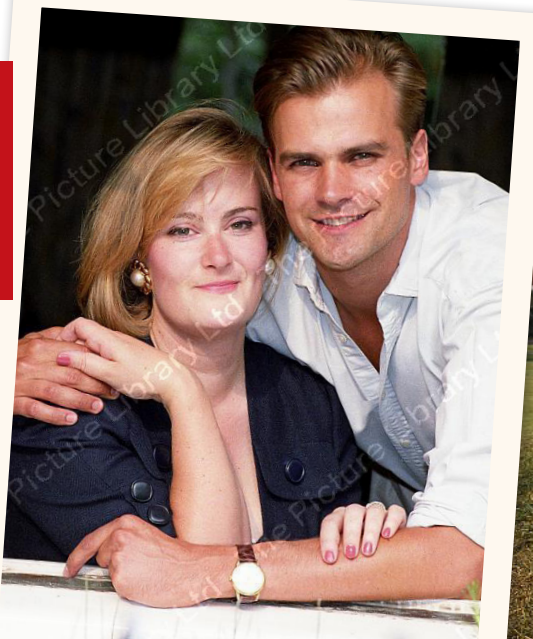
were running high and I wanted a relationship with my father. But now I have got children, and I am protecting their interests, and mine.'

In an attempt to facilitate a reconciliation, Annabella and Laura met their father for tea at the Cadogan Hotel, on Sloane Street. The sisters hoped to use the occasion to end the family feud and even rebuild their relationship. But Lord Palumbo was distant and remote. He had not seen Annabella for 15 years and yet behaved as if it was a business meeting. They explained that the dispute was difficult to resolve when he was both a trustee and a beneficiary of the trust, and they had not been given a complete list of assets. 'This is all a misunderstanding,' he replied impatiently. 'You have got it all wrong.'

Then the conversation turned to family matters, and Laura suggested that they all meet up for lunch occasionally and reconnect and rebuild their relationship. But Lord Palumbo looked away, gloomy and deeply unhappy. 'The past 10 years have been a financial hell for me,' he said. 'I have lost so much – my country house, my house in America, my apartment in New York, my properties in Paris, the yacht, the cars, my wine and my art collection, so much.' His daughters sat there, stunned by his response, until Laura broke the silence: 'Yes, and you have lost your first family too.' After a pause, Lord Palumbo sighed and agreed. 'Yes, and I've lost my first family. Of course, that's the worst part.' □



From left, James Palumbo at home in Belgravia, 2009; Annabella Palumbo with her future husband, Hugh Adams, 1991; Lord Palumbo at Bagnor Manor, 1992



RESEARCH PICTURES: EYEVINE, ALAN DAVIDSON, STAYSTILL