

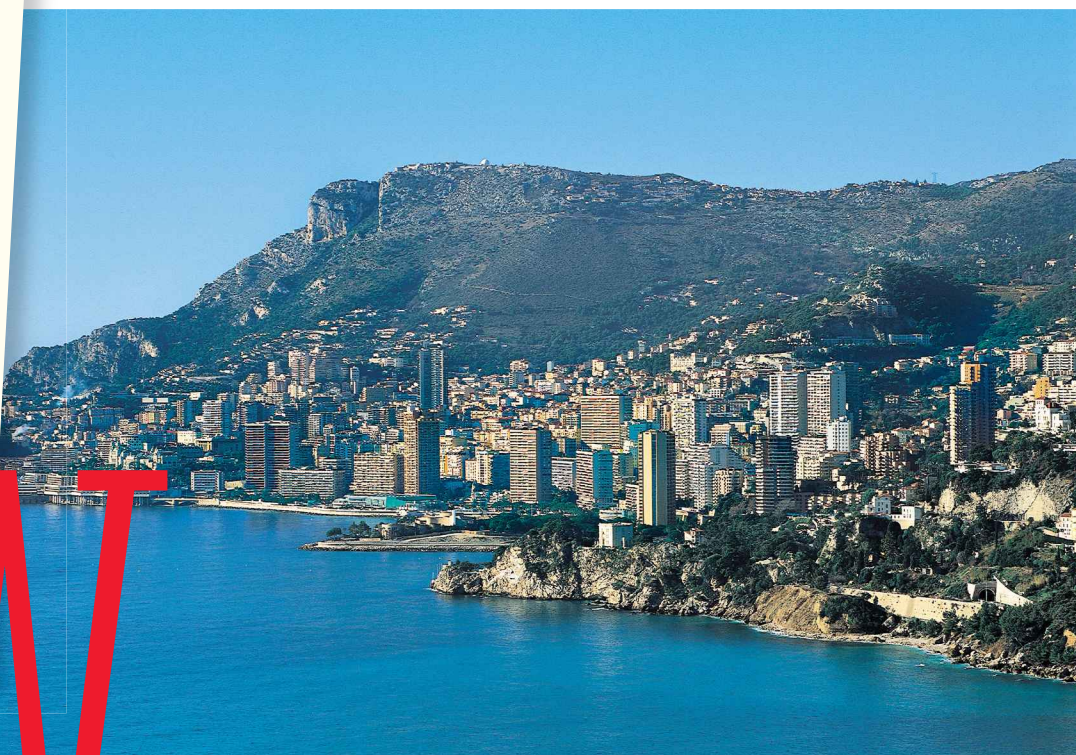


SPIES, LIES AND VIDEOTAPE

When Prince Albert hired a private spy to clean up Monaco's reputation as a haven for organised criminals, he didn't expect the former FBI agent, Robert Eringer, would end up suing him. Now the Prince is claiming head-of-state immunity and the spy wants to sue the Principality instead. **Mark Hollingsworth** investigates the investigator



Clockwise from above: Prince Rainier and Princess Grace with their children Albert and Caroline in 1959; the Principality of Monaco on the Côte d'Azur; Robert Eringer; Prince Albert in 2009



When Prince Albert became ruler of Monaco in 2005, he declared that the Riviera micro-state would no longer be a 'sunny place for shady people', as described by the novelist and Côte d'Azur resident Somerset Maugham. 'I will fight with all my strength for Monaco to be beyond reproach so that it will never again be described by the equation: Monaco equals money laundering,' he said in his accession speech.

So, late last year, he didn't enjoy the prospect of being dragged through a California court accused by Robert Eringer, the man he had employed to spy on Monaco's residents, and subsequently fallen out with, of ignoring the murky activities of Monaco residents and their criminal dealings that had been brought to his attention by his private spymaster. In November his New York-based lawyer, Stanley Arkin, invoked head-of-state immunity from the US courts. Undaunted, Eringer promptly filed a further lawsuit against the whole Principality of Monaco and is relishing the prospect of a fight with whoever can be brought to America to testify. On the Prince's side, Arkin says: 'Robert Eringer, like his lawsuit, is not credible... he has turned a naked attempt at extortion into a meritless lawsuit about a contract dispute.'

This unsavoury saga began so differently: in 2002, according to Eringer, Prince Albert secretly hired the former FBI undercover operative as head of Monaco's intelligence service. Eringer was tasked to investigate controversial and corrupt businessmen,

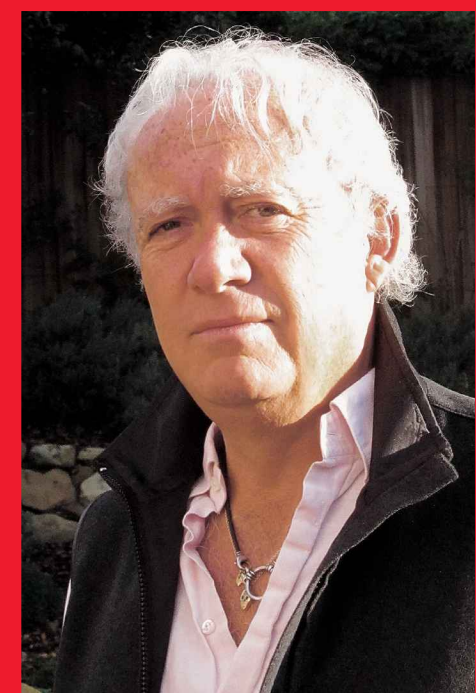
Russian arms dealers and money launderers who were Monaco residents. But he was also the Prince's unofficial spymaster – probing the Principality's ministers, assessing the threat of embarrassing secrets of his client's personal life being exposed and liaising with the security services of other small states including Luxembourg, Malta, Andorra and Liechtenstein to share information about organised crime. In April 2003, he arranged for the Prince to meet FBI director Robert Mueller in Washington DC, and Porter Goss, then CIA director, in 2004 for briefings on counter-terrorism, finance and organised crime.

Between July 2002 and December 2007, Eringer was paid a total of €1,760,000 and given an operational base in Monte Carlo: a penthouse apartment in the Shangri-La building at 11 Boulevard Albert Ier. There the Prince visited his personal spook for secret meetings. Sipping Martini cocktails, Monaco's ruler told his

intelligence chief that he wanted to clean up his kingdom and prevent it from existing as a haven for tax dodgers, arms dealers, drug traffickers and mobsters. He handed Eringer a specially annotated Monaco Intelligence Service card that stated: 'Please give Mr Robert Eringer your confidential assistance. He acts on my authority and reports directly to me,' signed by the Prince.

For more than five years Eringer investigated foreign businessmen and supplied reports to the Prince on their reputation and suitability as Monaco residents. His net included the billionaire Philip Green, who was given a clean bill of health, and Mark

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WireImage. Liv Brooke. Photolibrary. Rex Features

Thatcher, whose application for residency was rejected. He also uncovered uncomfortable evidence about the Prince's personal life, notably a video of a woman performing a sex act on Albert during his 40th birthday party at a nightclub. And then there were inconvenient truths about Monaco's ministers, notably when Eringer discovered that a crooked politician was about to be given a ministerial post. But then, in late 2007, Prince Albert stopped paying Eringer's fees. And Eringer filed a lawsuit alleging that the Prince had failed to pay him €40,000 and claimed damages.

For Prince Albert, 51, public image has always been important. For much of his life he lived in the shadow of his mother, the Hollywood film star Grace Kelly, and his powerful authoritarian father Prince Rainier. As their only son, the unmarried Prince struggled to live up to their aspirations. While affable and intelligent, he can appear indecisive. In public, he has striven to promote an image as a serious head of state, but in private he is reluctant to settle down (he is the father of two known illegitimate children by different women) and is easily distracted by hedonistic pursuits, notably speedboat racing, explorations of the Arctic, judo and bobsleighing.

As his father lay dying in 2005, Monaco was in trouble. Rainier, said Claude Palmero, an accountant at the palace, 'was not even a shadow of himself during the last two to three years. He could not even discuss his personal affairs. He signed whatever was put in front of him.' Prince Albert believed, correctly, that ministers were exploiting his father's vulnerabilities and corruption was rife. His kingdom was regarded as a haven for dubious characters, venality and organised crime. He decided to act.

Soon after his father was buried next to Grace Kelly in Monte Carlo's cathedral and Albert was sworn in as head of state, he hosted a reception at the palace. His wealthy guests nearly choked on their lobster as they listened to his remarks: 'Money and virtue must be combined. The importance of Monaco's financial market will require extreme vigilance to avoid the development of financial activities that are not welcome in our country.'



Left: Monaco reject Mark Thatcher

The Prince's choice of enforcer and spymaster was colourful: Robert Eringer, then 51, had been a freelance FBI operative, journalist, author of espionage novels, business consultant and private detective, as well as the London-based European correspondent for the

Toronto Star and *The Blade* (based in Toledo, Ohio). He was also an investigative reporter and specialised in infiltrating extremist groups such as violent anarchists, neo-Nazis and the Ku Klux Klan (he still possesses a red robe and hood that the KKK tailored for him). In addition, he was co-owner of an American-style restaurant-bar in Hampstead called Bedlam, which included rather gruesome artworks by the American actor Charles Bronson, notorious for starring in violent films such as *Death Wish*. The movie star had even suggested items that appeared on the menu, including Broadmoor Burgers and Dartmoor Delight.

But Eringer's primary role was as an intelligence consultant. In 1993 he started working for the FBI's criminal division. In his autobiography, *Ruse: Undercover with FBI Counterintelligence*, he claims he uncovered secrets that helped to disclose CIA turncoat Aldrich Ames and FBI traitor Robert Hanssen. These days he divides his time between Monte Carlo, London, Washington DC and Santa Barbara, California.

The bizarre plots of Eringer's humorous spy novels often mirrored aspects of his own

secret life. In one, *Zubrick's Rock: Intrigue and Lunacy in Monte Carlo*, published in 1995, he tells the story of Barry Zubrick, a multi-millionaire recluse living in Monaco. After the authorities threaten to expel him from the Principality, Zubrick conspires to topple the Royal Family and put an alcoholic dentist from New Jersey on the throne.

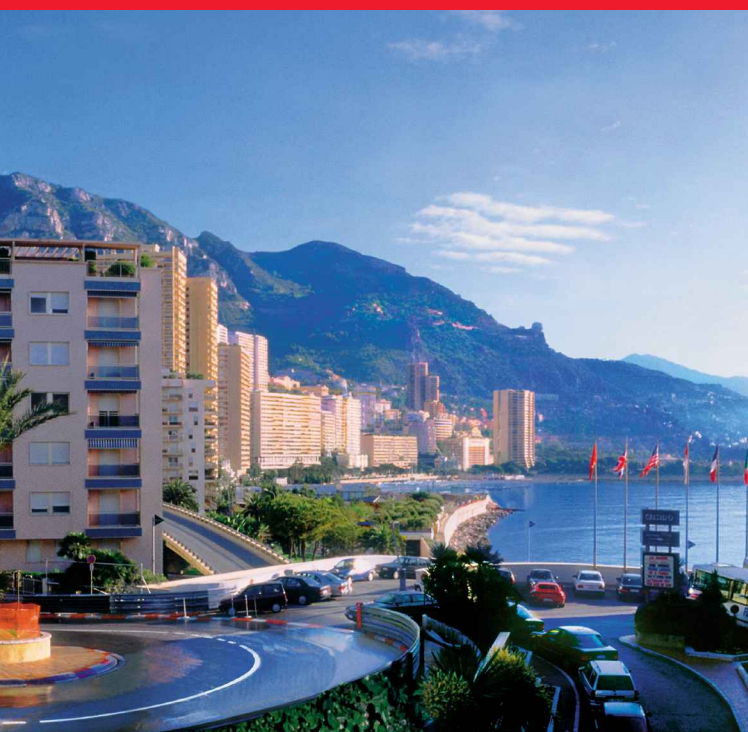
By 2002 Eringer was living in a flat in St John's Wood, and had cultivated a network of sources throughout the European intelligence agencies. While he had a tendency towards believing in conspiracy theories, he was ideally positioned to target the 'bad guys' that Prince Albert wanted to expel from Monaco in a bid to show the world

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that his avowed determination for Monaco to be removed from the blacklist, issued by the Organisation for Economic Co-operation and Development, of tax havens that remain secretive and unaccountable, was backed by action. The task was code-named Operation Scribe.

Top of the list were East Europeans. One Serbian, whose company was headquartered in Monte Carlo, claimed in corporate records that he was a manufacturer of kitchen utensils. In fact, as Eringer discovered, he was an international arms dealer. After Eringer had presented his report, the Prince distanced himself from the Serbian. Eringer also uncovered a Russian with business interests in Monaco who had ordered the murder of several people in Russia to whom he owed money. Again Prince Albert was alerted and the Russian was eventually declared *persona non grata* and left Monaco.





Above: Stanley Arkin, Prince Albert's lawyer. Right: Prince Albert with Charlene Wittstock at the 2009 Monaco Grand Prix gala



Prostitution is also a problem on the Côte d'Azur. Eringer discovered that French intelligence had placed an apartment building in Beausoleil, a town neighbouring Monaco, under surveillance where a ring of Russian prostitutes was operating. He claimed that Russians were using call girls and the prospects of fast-return investment deals to lure Prince Albert's friends to Moscow, compromise them and turn them into informants for organised crime.

In December 2005, Eringer heard that Mark Thatcher had applied for residency in Monaco and had been issued a temporary resident's permit. Lady Thatcher's son had recently been convicted in South Africa of helping to finance an attempted illegal coup to overthrow the oil-rich regime of Equatorial Guinea. After leaving South Africa, Thatcher was refused a visa by the United States and then turned his attention to Monte Carlo. When Eringer presented his report to Prince Albert, the Prince acted decisively: Thatcher's application for residency was rejected and Eringer claims he was authorised to leak the ruling to the press. Thatcher now lives in Marbella, Spain, and his office is in Gibraltar.

The Chandler brothers, who own a vast house on Charles Street in Mayfair, but who were Monaco residents, were also checked out. Richard and Christopher Chandler had made a fortune from their shareholding in Gazprom, the Russian oil and gas company. Eringer investigated their Sovereign group, a commodity trading company based in Monaco, but found no evidence of wrongdoing.

By 2006 Eringer was being paid fees of €100,000, plus expenses, a quarter, according to documents filed in his lawsuit. His passport

shows that he was flying from London to Nice for weekly visits and briefings with the Prince. As his terms of reference were wide, he became the custodian and keeper of the secrets of Prince Albert's life, including the embarrassing videotape by an American 'friend' of the Prince, of Albert's 40th birthday party in Paris. According to Eringer, the American showed the recording at select parties around Monaco with the following introduction: 'This is what I have on your Prince.' He later claimed that he would use the tape to exert influence in the Principality. Eringer discovered its existence but never obtained a copy of the tape.

However, by late 2006, Eringer believed that Prince Albert would not back up his bold rhetoric with action. He alleged that his boss 'could tolerate criminal behaviour, but if someone supposedly spoke negatively behind his back, he went ballistic'.

According to Eringer, Prince Albert was deep in a romance with South African Olympic swimmer Charlene Wittstock and had lost interest in dealing with the shady characters Eringer was investigating. The Prince didn't turn up for a single meeting to discuss an Arab businessman who was implicated in conflict diamonds and money laundering. Instead he went go-karting. 'He has no backbone,' Eringer told ES.

On 2 December 2007, Prince Albert and Eringer spoke on the phone, during which Eringer was instructed by Albert 'to keep the doors open'. But by April 2008, the spy-master's fees were no longer being paid and over the next year the Prince refused to

respond to his requests. As a result, Eringer filed the lawsuit in California. 'It is hard to conceive of a scenario where it would be less appropriate for a dispute to be adjudicated by this court,' observed Arkin, although Eringer claims that since he now lives and has his business in California, and can't file the suit in Monaco, it is the only place he can sue. Arkin has dismissed the lawsuit as 'a complaint with pages upon pages of unrelated and seemingly bizarre anecdotes which have nothing to do with his so-called claim... Eringer's lawsuit couches a modest breach of contract claim in a complaint replete with grandiose, scurrilous and largely irrelevant allegations, redolent of a crude "shake-down" or blatant extortion.'

When Arkin went on to claim immunity from US law for his royal employer, Eringer's response was to try to take the whole Principality to court. 'Extortion is a crime,' he says. 'If Albert's lawyer believes a crime has been committed, he should call the police. I look forward to testifying about the veracity of each element of my complaint under oath in court.' This will run and run.