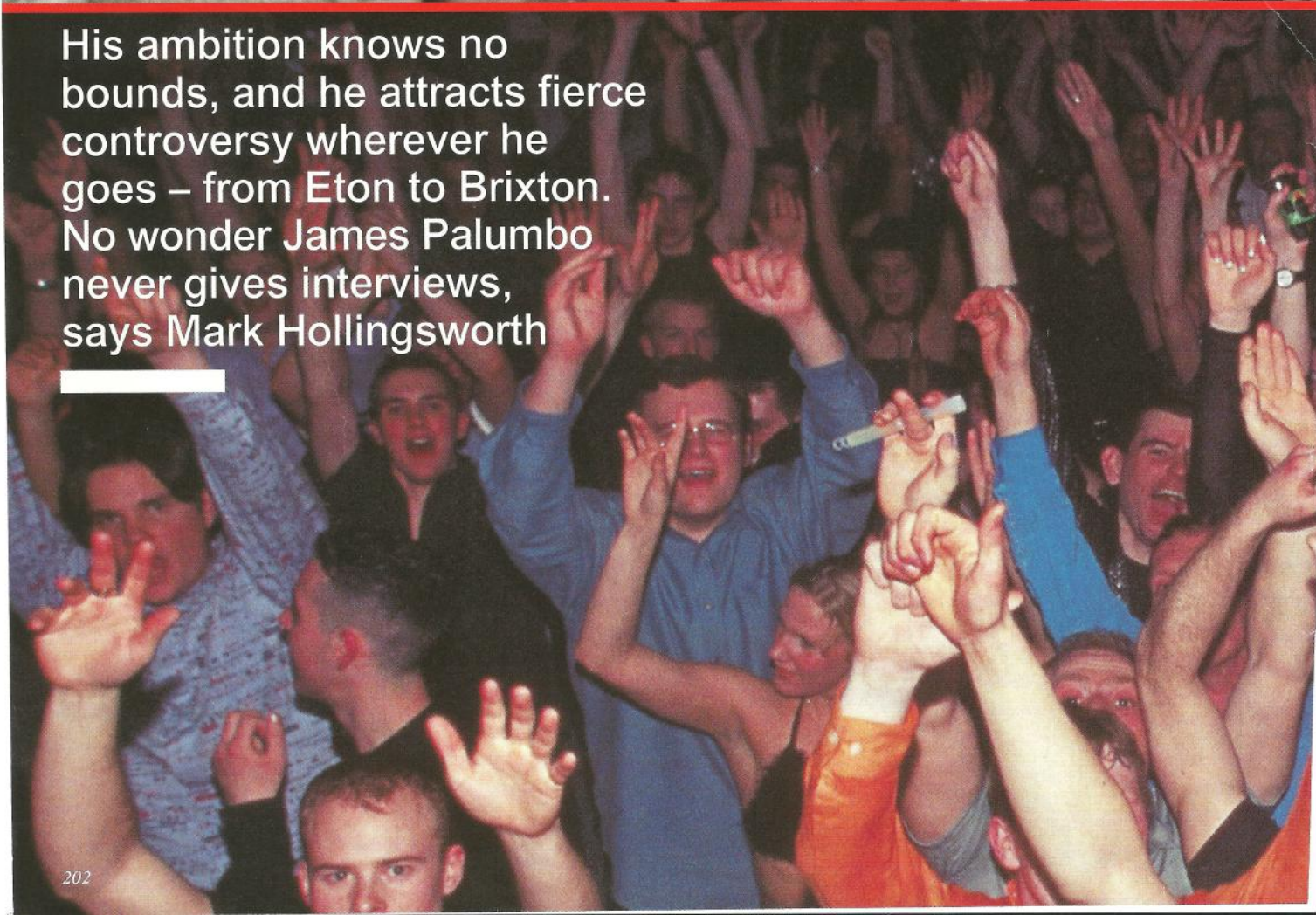




JAMES AND THE

His ambition knows no bounds, and he attracts fierce controversy wherever he goes – from Eton to Brixton. No wonder James Palumbo never gives interviews, says Mark Hollingsworth





GIANT REACH



Ministry of Sound.
Top, James
Palumbo, second
from right,
at prep school

What are you going to say – that I am mean, horrid and sexually deviant?' jokes the Hon James Palumbo, who relishes his controversial image. At Eton he was reviled; by the age of 30 he had launched one of the most catastrophic and hate-filled family feuds ever to reach the High Court and was well on the way to becoming the richest young entrepreneur of his generation. Today, at the age of 38, anomalies persist and he gives no sign of regretting anything.

Palumbo happily admits to 'really appalling behaviour' in his climb to the top in the City, revels in his notoriety – 'I really don't care whether people like me or not' – and displays little interest in the trappings of wealth. He has lived for the past 16 years with a beautiful Thai, but the relationship is platonic. She is not his housekeeper, but neither is she his partner or lover, more confidante and companion. She has her own boyfriend (who lives elsewhere), and the three of them sometimes go away together for Christmas. Palumbo has no regular girlfriend and never has had. His sexual life is a continuing series of very short affairs and he seldom keeps a girlfriend long. He has few close friends and fewer interests. He belongs to no social set and doesn't really have his own inner circle.

But there's more, and worse. He was

demonised at school and inspires fear and intense dislike in some circles. A surprising number of people will describe him as manipulative, frightening and sinister – also, it must be said, clever, and brilliantly successful. His salacious humour, outspokenness, and scary directness are also noted; and, to the chosen few, his generosity, but always finely controlled.

None of the negativity bothers him in the least. He is used to the rumour mill working overtime, and whatever anyone says, they can't take away his success, or his money and the power it brings. He is like an old-fashioned tycoon, establishing rigid control over his empire, insisting on fierce loyalty from staff and friends, and more than happy to be thought scary and powerful.

He is certainly not scared of hard work – or a fight. When he was seven years old he returned home one weekend in tears after a fight at prep school. His beautiful but highly strung mother, Denia, dragged him into the hallway of their house near Ascot. 'You've got to learn how to fight and defend yourself. Look, this is how you punch. Hit me, hit me,' she shouted, jumping around him like a prizefighter. 'But I don't want to hit you, Mummy,' replied James. 'You must hit me, come on, come on,' she insisted. Eventually, after much

prodding, he lashed out and punched her firmly on the chin and she collapsed on the floor amid much hysterical commotion.

James Palumbo has been fighting ever since. He rebelled against the fagging system at Eton, waged war against the drug dealers at his Ministry of Sound nightclub and, most notoriously, sued his own father, Lord Palumbo, over mismanagement of family trust funds. Money is now not a problem. Like Richard Branson, he has created a fortune (the current estimate is £150 million) from music and clubs, though populist, publicity-seeking, rock 'n' roll he ain't. While Branson will not hesitate to slip on a wedding dress if it brings publicity, Palumbo studiously avoids personal media exposure.

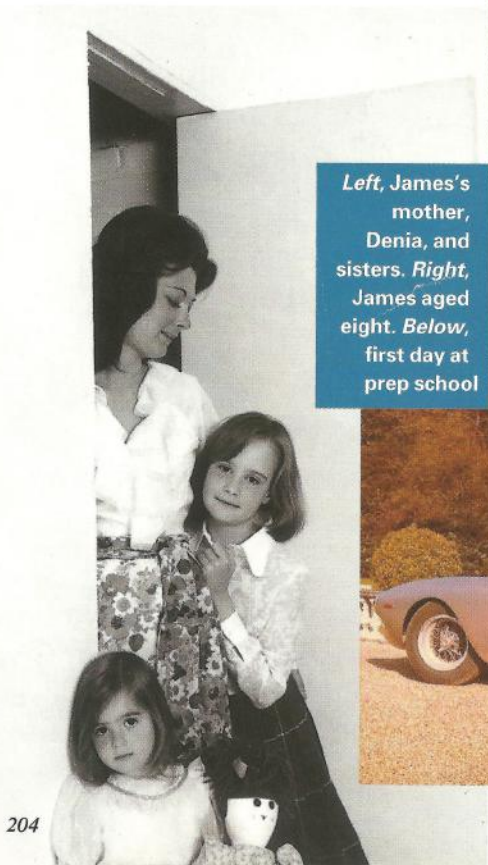
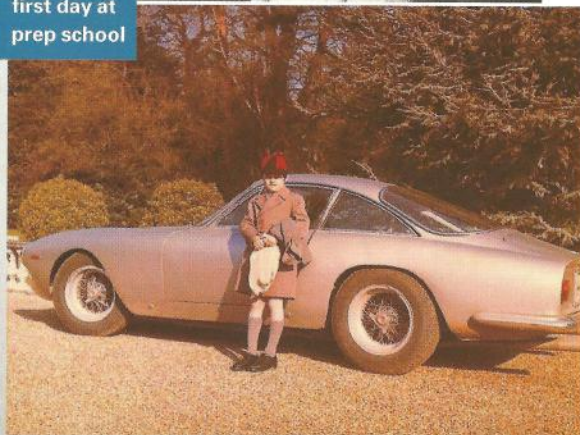
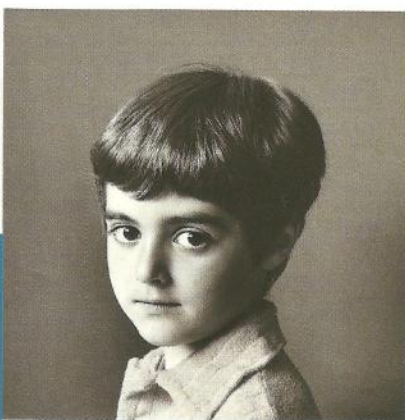
Like Branson, Palumbo is a natural entrepreneur and revels in exerting control, though he did recently sell 15 per cent of it to 3i, the venture capitalists, for £25 million. There is also talk of a stock-market flotation. If this happens, he will need to change his management style, working with others more collectively and answering to shareholders. This could be a shock, as he has always made the big decisions himself.


No such change appears on the horizon in Palumbo's personal life. He remains steadfastly single, despite a voracious sexual appetite, particularly for glamorous, young, dark-skinned women. 'He does love women and they do throw themselves at him,' says his sister Annabella. 'But as soon as he falls in love, all his anxieties kick in and he backs off. James is afraid of intimacy.'

Occasionally, a girl will accompany him on a long weekend to the Côte d'Azur or on his annual five-day summer holiday to Spain or the Caribbean, where he likes to take exhausting seven-hour swims. But he acknowledges that he is not ready for marriage. He was quick to deny that he was engaged to Naima Belkhaiti, a sultry, sexy French-born singer with girl band HoneyZ, after press speculation that her large diamond ring was proof of impending nuptials.

He is an unreconstructed bachelor with an uncluttered lifestyle. His trademark is dark suits and white shirts, loving and leaving girls after a brief relationship and not being squeamish about sacrificing friendships. He was close friends with Peter Mandelson, who has also on occasions been 'sent to Coventry' for seeming rude at a dinner. But then Palumbo can be surprisingly immature for someone who has achieved so much in the grown-up world. He likes to be completely in control, and his ambition is

Left, James's mother, Denia, and sisters. Right, James aged eight. Below, first day at prep school



A man with dark hair and glasses, wearing a white long-sleeved shirt and dark trousers, is sitting on a red sofa. He is leaning forward with his hands clasped, looking directly at the camera. The background is a dimly lit room with a wooden floor and a patterned rug.

*‘I want to make a billion
before I am 40. I also
want to be prime minister’*

colossal: ‘I want to make a billion before I am 40. Why should I be joking when I say that? I also want to be prime minister,’ he told friends over dinner at his flat.

Ten Downing Street will never be his home but it is not unlikely he will make a billion if his business formula continues. When he wants something, no one and nothing will stop him. ‘You have to eliminate people to get to the top,’ he will say breezily.

He likes to run with the hare and the hounds, and has a Machiavellian glee in having funded both Labour and the Tories.

His banter is often sexually provocative: ‘How is your organ? Is it getting bigger and better?’ he asked one editor. ‘I slept with X; she asked me not to tell you,’ he told a friend.

On the face of it, he is an unlikely rebel. He was born into wealth and privilege. With his olive-black eyes and Italian aquiline features, he looks younger than his 38 years – a slight greying at the temples is the only sign of ageing. He sits atop the metropolitan club scene but prefers an ascetic, solitary lifestyle to late-night debauchery. He loathes drugs and believes smoking is a sign of

weakness. He frustrates girlfriends because he rarely goes to parties. He did recently have a drink at George, Mark Birley’s new private club, but left after a few minutes.

His flat in South Kensington is fastidiously clean and tidy. In the kitchen the glasses are arranged in perfect symmetrical order and the bathroom contains his late mother’s scent bottles. The only photograph is a dreamy back-and-white portrait of his mother clutching her dachshunds.

His glass office over at the Ministry of Sound in south London, in a turret high

above his staff, displays the same minimalist sense of control. There is a photograph of his 10-year-old son (by a former girlfriend, Iranian Atoosa Hariri), and of Tuptim (the Thai) whom he refers to as 'my cat'. Prominently displayed is a cardboard cut-out of Jean-Luc Picard, Captain of *The Enterprise*, to whom Palumbo jokingly likes to compare himself. Perhaps most revealing is a framed quotation from President Kennedy about the importance of competing, win or lose: 'The credit belongs to the man who is actually in the arena, whose face is marred by dust, sweat and blood.'

This credo could well have been applied to his grandfather, Rudolph Palumbo, a penniless Italian immigrant who built up a hugely valuable property empire in London. He later incorporated most of his wealth into family trusts with the strange stipulation that if any of his children married a Roman Catholic, they would not inherit a penny.

Rudolph Palumbo lavished money and attention on his only son Peter (now Lord Palumbo). In due course, after his formal education at Eton and Oxford, Peter married Denia Wigram, a society beauty with a fiery temperament.

Formality was not confined to the classroom. By the time James was born on 6 June 1963, his father's Edwardian values were ingrained, with loyalty and obedience at the top of the list (Peter had called his own father 'sir' until he was 18). James grew up at Buckhurst Park, set in a 60-acre estate on the edge of Great Windsor Park with sweeping lawns and spectacular scenery. The 15-bedroom house, which now belongs to the King of Jordan, had an atmosphere of heavy, cold formality. James and his two sisters, Annabella and Laura, were made to sit bolt upright at endless dinner parties and not allowed to speak unless spoken to first. 'It was a materially privileged but emotionally deprived background,' recalls Annabella.

James's life proceeded on conventional lines: prep school (Scaitcliffe in Englefield Green), then Eton, where things began to change. He was precocious, outspoken and not averse to making enemies. But his housemaster made him captain of his house at 16, the youngest in the school's history, and this infuriated the boys in the year above who had been overlooked. Palumbo then launched campaigns against two of the most traditional buttresses of the disciplinary system, fagging and Pop, the self-appointed school prefects. He also led a

purge against cigarette and cannabis smoking (some pupils were growing marijuana in their window boxes) which resulted in 10 boys being reprimanded and two expelled.

There was a ferocious backlash. Palumbo recruited his own devoted army of boys while being demonised as a monster by others. His detractors spread smear stories alleging blackmail and sexual ambivalence. He was jeered in the streets and anti-Palumbo graffiti appeared on the walls. He was demoted from his house captaincy. The controversy spread beyond the school, even becoming the gossip at White's, the ultimate establishment club in St James's of which his father was a member. But James Palumbo seemed to thrive on the hostility. 'I just wanted to piss them off,' he said later.

After Eton, Palumbo formed the Etonian Butler Service in California. About a dozen Old Etonians set themselves up in Marina del Rey, a singles community on the Pacific Ocean, 20 minutes drive from Hollywood, and hired themselves out as English butlers. Sponsored by the wife of Bond-movie producer Cubby Broccoli, they were a huge hit at parties hosted by Roger Moore (who was 007 at the time), Gregory Peck and even former US President Gerald Ford.

As well as being paid \$10 an hour, the 'butlers' were also propositioned for sexual services, with Hollywood wives slipping matchboxes containing their telephone numbers into their back pockets. But for Palumbo it was a business – he was furious when a starlet did not pay up after asking a butler to stand behind her for the whole evening to light her cigarettes and pour her drinks. The adventure came to an end when US Immigration discovered they were working illegally. They were thrown into a detention centre where they spent a day before being released.

Back in England, Palumbo family life was moving from difficult to catastrophic. His parents' marriage had been tempestuous and acrimonious, and his relationship with his father had deteriorated badly. Matters came to a head one Christmas when a series of incidents ended amid much hysteria and James, not yet 21, was banished from the family home, never to return. He moved into a flat on Pall Mall owned by his grandfather and a week later, his father sent over his remaining possessions. 'It was a very scary and traumatic event,' Palumbo told his friend Anna Pasternak. 'But something in me finally snapped and I knew that I had

to totally control my own life. The split was terribly good for me because it forced me to be on my own.'

But that was not end of the feud. Ten years later, James and Annabella Palumbo discovered that their father had been using the family's trust to fund his extravagant lifestyle. In one year alone (1992–93), the value of the trust fell from an estimated £94 million to £64 million. According to court papers, Lord Palumbo spent £13 million on works of art, £2.5 million on wine, £2 million on vintage cars and various properties, £4.5 million on two Le Corbusier houses in France and £263,000 in donations to the Conservative party. James and his sister eventually issued a writ demanding their father's removal as a trustee. New trustees were appointed and the rift between father and son was complete. Some time before the legal action Annabella had tea with her father and stepmother at their house near Newbury. It provoked an extraordinary outburst. 'Your brother is the devil-incarnate,' said her furious stepmother.

But James Palumbo felt a sense of liberation. He now concentrated on turning the Ministry of Sound into the multimillion-pound business it is today. He had to fight from the beginning. The club was riddled with drug dealers who were bribing the doormen to let them in, and the barmen were skimming cash from the takings. Palumbo sacked all the security staff, bussed in his own door team from outside London (so removing them from the influence of local gangs) and paid them three times the going rate.

For several months, he stood by the entrance, often in the freezing cold and rain, to prevent the dealers returning. He wore a bulletproof jacket as the police warned that there was danger of reprisals by the gangs who would drive by and shoot at the entrance. On one occasion, a drug dealer who had been refused entry drew a gun on him, but Palumbo refused to back down. 'It was a matter of honour,' he told a friend later. 'I wasn't going to give in to those scum.'

For the first two years, from midnight until 6am, Palumbo spent almost every night in the club, roaming the packed dance floor and checking that his new doormen and bar staff were honest. He then left to have breakfast with Mark Rodol, his creative director, at a café on Brick Lane. He was miserable, not least because he had little affinity with the music or dance culture. He favours classical English composers



James Palumbo, far right, with his family at home. Right, Lord and Lady Palumbo, June, 2000

such as Elgar and Vaughan Williams, or Italian opera. Today, he very rarely ventures inside the club. When he quietly slips in unannounced through the back fire exit at 5am, most of the staff don't even recognise him. If he is recognised, he may be introduced to favoured guests but usually refuses to be photographed with them.

Palumbo's management style is eccentric. He can be intolerant of slow-thinking employees and fast to seize on people's weaknesses. His attention span is short and he will often send text-messages while people are talking. At other times, a quirky sense of humour emerges. He will lie back on the couch, say something outrageous or scribble poems laced with black humour.

A quintessential moment came when the Ministry was pitching for a £2 million sponsorship deal with Pepsi Cola. Fifteen Pepsi executives had flown in from the US but, in the minibus to Pepsi's head office, Palumbo was not interested in discussing the deal. Instead, he offered to pay £1,000 to anyone who could persuade a Pepsi man to say

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‘aardvark’ during the pitch. They started asking bizarre questions about ants who came out at night, but in vain. Then Pepsi's global marketing director asked Mark Rodol if he knew a particular contact. ‘Does he look like one of those animals that eats ants?’ Rodol replied. After some thought, the American triumphantly declared: ‘Oh, yeah, an aardvark.’ The Ministry team collapsed in uncontrollable laughter. ‘I am sure the Pepsi guys thought we were on drugs,’ recalls Rodol, ‘but they still signed the deal.’

In his office in the Elephant and Castle, listening to his classical music and fiddling

with his Tiffany penknife, Palumbo could be mistaken for a calculating, sinister, eccentric loner planning to take over the world. Or, like his hero Captain Jean-Luc Picard, perhaps he just wants to guide the Ministry of Sound onwards and upwards to further triumphs. If his ship does invade other planets and take over the galaxy, it is unlikely to be by the traditional route. Whatever people think of James Palumbo, there is no denying that he has fought in what President Kennedy called the arena. He may not have emerged unscathed but one suspects there are more battles to come. □

