

THE WIZARD OF OOZE

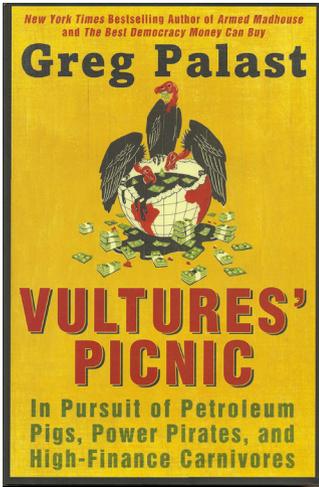


A 24-PAGE EXCERPT FROM

VULTURES' PICNIC

IN PURSUIT OF PETROLEUM PIGS, POWER PIRATES,
AND HIGH-FINANCE CARNIVORES

BY GREG PALAST



THE BOOK

VULTURES' PICNIC: In Pursuit of Petroleum Pigs, Power Pirates and High-Finance Predators., is a tale of oil, sex, shoes, radiation and investigative reporting. From the Arctic Circle to the Islamic Republic of BP, from a burnt nuclear reactor in Japan to Mardi Gras in New Orleans, Palast uncovers a story you won't get on CNN. Greg Palast's crew of journalist-detectives chase down British Petroleum bag men, CIA operatives, nuclear power con men – and “The Vultures,” billionaire financial speculators who, through bribery, flim-flam and political muscle, take entire nations hostage for mega-profits.

ISBN: 978-0-525-95207-7

THE AUTHOR

Greg Palast is best known as the investigative reporter who uncovered how Katherine Harris purged thousands of African-Americans from Florida voters rolls in the 2000 Presidential Election. He is author of the international bestsellers, *The Best Democracy Money Can Buy* and *Armed Madhouse*

This excerpt is Chapter Six of *Vultures' Picnic*, and is republished with permission of the author

Published by Dutton, Price: \$26.95 (\$16.89 at Amazon.com)

ColdType

WRITING WORTH READING FROM AROUND THE WORLD

www.coldtype.net

CHAPTER 6

The Wizard of Ooze

HELSINKI STATION

Jack Grynberg said, *How did you find me?*

I looked under G.

The old spook was a hunter, not used to being hunted.

I'm not Sam Spade: Grynberg only gets found when he *wants* to be found.

Besides, the question wasn't *how*, but *why*.

If we wanted to get the real story of how BP got away with covering up the rig blowout horror shows, I had to follow the money, not the bubbles.

Lord Browne had cranked up BP from the oil industry's little sister into Big Oil Giant #1 by finding huge new fields in the former Soviet Islamic republics. The big question: Did m'lord Browne have a magic nose that could smell oil, or just a snout for sniffing creeps likely to take a payoff?

I was counting on Browne's jilted partner, Jack Grynberg, to show me how Browne pulled petroleum rabbits out of a hat, to explain the "cherub," and to take me backstage to see how the levers were pulled.

* * *

Matty Pass got the call. An address on Central Park South. Ricardo and I cabbied it uptown, showed the doorman our IDs, and shuttled up to meet the tycoon in a dinky apartment he'd borrowed, a claustrophobic studio loaded with someone else's junk. Grynberg said there were no hotel rooms in New York, which was bullshit (I checked), but then what do I know about the kooky habits of the ultra-rich.

At least there were gorgeous views of Central Park until Jack snapped the

metal blinds closed tight. But I got my wish: The Wizard of Oz of oil had invited me behind the curtain.

We squeezed in and saw, laid out on the queen-size bed, a real beauty, a gigantic seismic map, unfolded and flopping over onto an Oriental rug. It was covered with a zillion jagged lines. It looked like a photocopier had had a heart attack, the phrenology of oil and gas under the Earth's skull. Behind the lines, I could see the outlines of Cyprus, Lebanon, Israel, and the Egyptian Nile. It was General Grynberg's battlefield map, and Jack let me take it in.

Grynberg made himself comfortable in an old upholstered chair, and I made myself uncomfortable on a stool. I began with the obvious.

Question: *How does some professor of geology (Grynberg's preferred identity) get a piece of the Caspian Sea worth a billion or three?*

It started, he told me, in 1989, just as the Soviet Union was falling apart. The Communist Party General Secretary of the Soviet Socialist Republic of Kazakhstan, USSR, Nursultan Nazarbayev, visited Canada and, according to the Grynberg tale, made a spur-of-the-moment request to the U.S. State Department to visit a successful cattle rancher who could speak Russian. Grynberg, as a side business to oil, kept 30,000 head of cattle. Nazarbayev liked cows. While checking out the herd, The Communist chieftain asked Grynberg, a geologist, if he'd like to look at some seismic maps Nazarbayev had back in Kazakhstan. Jack flew there, looked, saw lots of oil, called Lord Browne in London, who immediately agreed to sign on with Grynberg Energy to drill the world's largest oil strike in a decade.

Jack, Jack, never bullshit a bullshitter. Nevertheless, I let him load me up with this cow-pie fairy tale.

Now let me re-tell this tale with facts a wee more plausible. During the Cold War, Grynberg headed the Defense Department's intelligence unit that analyzed Soviet resource information stolen by "our very able spy network." The unit operated out of the U.S. Embassy in Finland, the CIA's Helsinki Station.

Geologist Jack interpreted the intelligence for the CIA, the Defense Department—and Jack. Undoubtedly, Grynberg would have seen clues about the seismological profile of the Caspian Sea and, in the back of his head, must have kept a mental copy of this, the most valuable secret treasure map of modern times.

Now, I don't know if Grynberg is a religious man, but any doubts he had philosophically or geologically would have been laid aside after reading dis-

patches of a scene straight from the third book of the Torah, from Exodus. It was 1985. The Russians were trying their hand at drilling in the Caspian waters and quickly struck oil—way too much of it. They had disturbed a giant who released methane of unbelievable pressure. Maybe a Russian lit a cigarette, I don't know. But I do know the fireball rose seventy stories in the air and, *mirabile dictu*, the seven-hundred-foot column of fire burned for an entire year.

Grynberg, like Moses, must have heard the tower of flame calling to him, “Jack, Jack, *here* is the Promised Land.”

(I suspect that Moses confused the Caspian Sea with Canaan Land, which are, after all, in the same northerly direction pointed out by the Mighty Outstretched Arm of the Lord. I seriously doubt the Holy One, Praised Be He, would have chosen Israel for His Chosen, which sits on nothing but sand. He must have meant Azerbaijan, above the sweetest crude oil deposit on the planet.)

Anyway, the foolish Soviet pharaohs, having been literally burnt by their attempt, pretty much abandoned their Caspian mother lode.

Jack, with Caspian seismics in his head, had a lot to dream about and, as the Cold War slogged on, a lot of time to dream it.

Then, in 1989, his dreams came true. The Berlin Wall fell, Soviet Premier Gorbachev lost control of the Warsaw Pact, and to little public notice, the Soviets lost control of the internal empire, the “Stans” (as in Uzbekistan, Kyrgyzstan, Turkmenistan, Azerbaijan, and Kazakhstan).

But James Baker III noticed. James, George H. W. Bush's Secretary of State, was counsel to Exxon and nearly every other member of the Houston oil cartel both before and after his Bush work. It was Baker's team at State who contacted Grynberg about hosting the “unplanned” visit to the United States by Nazarbayev to talk about “cattle.” In those days, Nazarbayev and Baker had to be cautious about how they spoke. In 1989, the Soviet Union and KGB still existed and would have been carefully monitoring the man from Kazakhstan. Soviet intelligence did not trust their own, even the Naz, especially in that year, when Russia's soldiers were running for their lives out of Afghanistan. Moscow was beginning to lose its grip on Kazakhstan and the other Soviet Islamic states. Soon, Gorbachev wouldn't be able to order a pizza from Kazakhstan, let alone order around Nazarbayev.

Nazarbayev, yearning to be freed from Soviet central planners, wasn't dreaming of cows, he was dreaming of becoming the oil sheik of Central Asia, *insh'Allah*.

Secretary of State Baker shared that dream. He saw a once-in-a-century

chance for the West to finally win the Great Game, grabbing the resources of the 'Stans away from Russia. Baker's boys called Grynberg. Nazarbayev, former head of the Kazakh KGB, would have known all about Jack, who was his U.S. counterpart from Helsinki Station, or quickly learned it: geologist, oilman, spy. Nazarbayev's kind of guy. *Yes!* Nazarbayev told State, he would be pleased to take a side trip to play cowboy in Colorado.

Once on the ranch, Nazarbayev got to it: "I have maps. In Kazakhstan. Want to look at them?" He could have said, "How much gold can you carry in your arms?"

After their meeting, Jack flew to Kazakhstan, and his eyes were popping from holding in his hands the treasure maps that had lain secreted in his memory chest for decades. Grynberg swiftly got Nazarbayev to sign a deal giving Jack the exclusive rights to put together a drilling consortium that would throw down the billions needed to suck out the liquid gold.

Jack couldn't wait to call his buddy John Browne, then exploration chief for BP. Years earlier, Jack and John had become an item, businesswise, when Browne agreed to back Grynberg's quirky offshore drilling project at the Nile Delta near Israel. However, their timing was crap. It was 1973. In October, on Yom Kippur, Egypt attacked Israel (that didn't bother Britain much), and Egypt seized both banks of the Suez Canal (that *did* bother Britain much). The result: The Bank of England scuttled the BP-Grynberg deal.

In 1991, Browne, hearing Grynberg's voice from Kazakhstan, insisted Jack get to BP HQ London immediately. Grynberg hustled there and went straight to the CEO's office. Browne locked the door and wouldn't open it until they had divided the Caspian between them.

Then shit happened. Grynberg took his new best friend, President Naz, to Venezuela to meet the oil club boys. I asked for a photo of this improbable event, and Jack showed me a snapshot of the Kazakh President with him in Caracas, playing tennis. (Grynberg won, of course, though after much debate with himself.) Nazarbayev "fell in love" with a pair shoes and Jack popped for them.

"What's Nazarbayev's shoe size?" I asked.

"Nine and a half."

Grynberg's intelligence habits remain sharp.

There followed a side trip to the Alaskan Arctic to admire BP's sideways

offshore drilling trick. It was there that another of Jack's guests, Kazakh Prime Minister Nurlan Balgimbayev, mentioned that the French oil company Total "put down a \$5 million cashier check." Grynberg: "And he says, '*Jack, why don't you do the same?*'" For Grynberg, \$5 million was lunch money; but he chose to lecture the Kazakh potentate on the U.S. Foreign Corrupt Practices Act.

The Kazakhs thought Jack just didn't get it. So, President Nazarbayev invited Grynberg to his vacation *dacha*, where the President thanked Jack for the shoes, then hinted that something a little more substantial could help Jack win the game. In case Jack didn't get his drift, Nazarbayev showed Grynberg some useless seismic info Nazarbayev had received from this guy named James Giffen. Grynberg knew Giffen as a small-change oil pipe salesman, but clearly, Giffen was moving in on Grynberg's signed deal by a willingness to grease the pony.

Jack told the President, "*I don't bribe.*" Good on you, Jack! Very admirable, but costly. Nazarbayev handed Giffen, the pipe salesman, the contract to create the consortium for the Kachaganarak and Kashagan offshore fields. And so James Giffen snatched the billion-dollar baby right out of Grynberg's arms.

* * *

The following information you can read for yourself in *United States of America v. James H. Giffen*, filed in 2003 after Giffen was handcuffed at New York's JFK Airport.

Just an excerpt:

On July 28, 1995, by KO-1 [Kazakhstan Official-1], Mobil agreed to pay to Mercator [Giffen's firm], on behalf of Kazakhstan, Mercator's fee for consulting services to Kazakhstan. . . . On or about May 3, 1996, Mobil closed its purchase of a 25% interest in the Tengiz oil field for approximately \$1.05 billion. . . . Accordingly, Mobil on May 17, 1996, wired the balance of Mercator's fee, \$41 million, to Mercator's account at Citibank in New York.

Giffen's \$41 million in "consulting services" appeared to require no more than locating Mobil Oil. Personally, if I were Nazarbayev, I would have used a phone book. He had reason not to.

Then, the indictment states, after a long journey of the funds through . . .

. . . an account in Switzerland in the name of Havelon Trading S.A., a British Virgin Islands corporation . . . On February 6, 1997, JAMES A. GIFFEN, the defendant, caused Havelon to wire \$20.5 million to KO-2's Orel account.

Did you follow the money? Mobil Oil to Giffen's shell company Mercator to KO-2. A stone-cold bribe, a whale of a bribe.

Everyone and their cousin knows that "KO-2" is President Nazarbayev. KO-1, by the way, is his greasy little Prime Minister, the one who hit up Jack for the \$5 million.

By the time all oil company booty arrived in the Swiss bank accounts, the easy-squeezy topped \$100 million. To celebrate their haul, Prime Minister KO-1 told Giffen to send a Donzi speedboat to President KO-2, plus two snowmobiles and then a fur coat for Mrs. KO-2.

But someone dropped a dime on Giffen. So the multimillionaire player Giffen was frog-marched to a jail cell, not a common sight in the United States. His consulting firm was charged with bribery under the Foreign Corrupt Practices Act and tax violations. (He did not declare the bribes on his income tax forms. For *shame*.)

With Giffen 'cuffed, his coconspirators in the oil industry were forced to pick a fall guy, someone to toss into the volcano with Giffen. J. Brian Williams, Mobil's top man in the Caspian, ended up with the short straw. He pleaded guilty and was sentenced to three years. Giffen faced twenty years in prison or more.

Bad guys in the clink. Justice done.

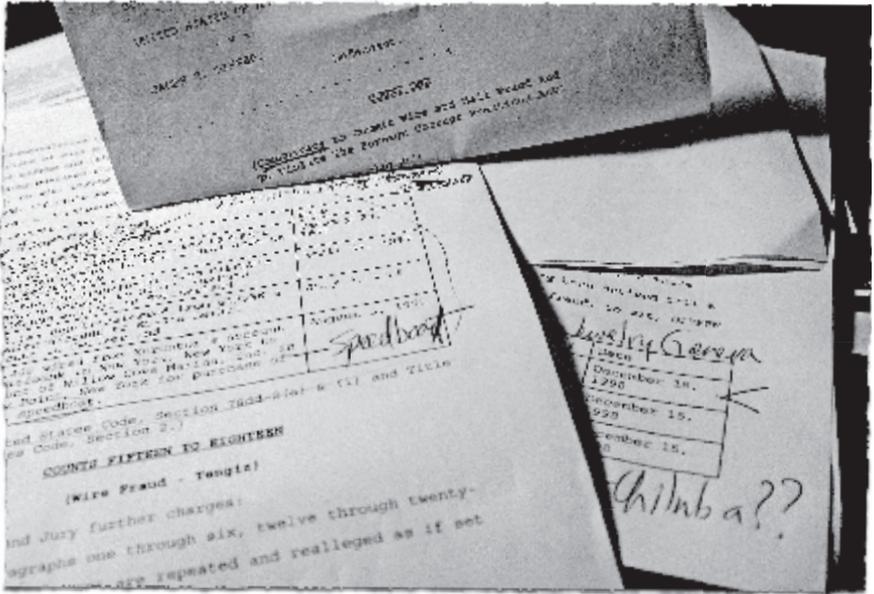
Not quite.

Mobil's partner, AMOCO, soon to be absorbed by BP, also paid money into Giffen's Swiss bank accounts. So did Texaco (later of ChevronTexaco). So did Phillips Petroleum.

Yet AMOCO, Phillips, and Texaco executives got bonuses, not prison time.

Giffen bargained for a plea and offered to give up his Swiss bank account with \$84 million in it.

That's quite a penalty, at first glance. But the numbers don't add up. Literally. Giffen's Bribes-R-Us operation collected, by my calculation from the indictment, no less than \$105 million. But \$84 million is not \$105 million. Since when is a felon allowed to keep \$21 million of looted booty?



And why was Giffen charged only with corrupting the deals on the Tengiz onshore field? What about the offshore fields, BP's big scores, Kashagan and Karachaganak, owned with Grynberg?

And this is truly weird: Plea agreements in such cases usually require the defendant to tell the truth, the whole truth, and nothing but the truth about their crimes: names, dates, places, everything. But not Giffen; he was not required to rat out anyone. The Justice Department did not demand he name a single oil company, a single source of his \$84 million nor his \$105 million, nor, crucially, any Kazakh president.

The truth might have set Kazakhstan free. The line that the collapse of the Soviet Union liberated its citizens does not ring true to the journalists in Kazakhstan dungeons. Nazarbayev, once a brutal Soviet KGB chief, found religion and became the brutal Islamic chief. His gendarmes arrested anyone who so much as breathed a word that the President has taken millions in bribes from Western oilmen. By the cutesy gimmick of naming Nazarbayev as KO-2, there is no "proof" that the President gorged on the bribe money from Giffen.

Reporting the identities of KO-1 or KO-2 risks imprisonment for defaming the Great Leader. Of course, imprisonment is for the lucky. The unlucky find themselves in fatal traffic accidents or "committing suicide." If the Justice

Department forced Giffen to make public the names of KO-1 and -2, to finger these guys who sold out their country's oil for a few silver coins and a speedboat, the KOs might be knocked out of power and the game would be up.

So, what looked like Justice triumphant in the Giffen-Mobil case was in fact a shambolic trial, a flimflam, a cover-up, with one executive thrown to the wolves, one fixer thrown to the kittens, and Big Oil laughing all the way to the Caspian.

This brought to mind the Zambian finance minister who used a voodoo charm to make himself invisible from the police. Did BP and Exxon and Chevron-Texaco and Phillips (now of ConocoPhillips) have some kind of magical fairy dust that made them invisible to the Justice Department?

It seemed so. And I think I know the names of some of the fairies.

Most were in the "P-group," a slough of top politicians, a lobbying power team headed by Ronald Reagan's former chief of staff, Michael Deaver, former Attorney General Dick Thornburgh, and former Justice Department lawyer Reid Weingarten. Reid told Thornburgh's successors in the Bush Jr. Administration that naming Nazarbayev in the indictment would mean the axe for U.S. oil companies, an odd legal defense but extraordinarily effective.

There was fairy dust everywhere. On September 6, 2005, while Justice pondered indicting Nazarbayev and his Big Oil funders, Canadian financier Frank Giustra flew out of Almaty, Kazakhstan, in his private jet. His cargo: former President Bill Clinton. In Giustra's pocket was a big piece of Kazakhstan's uranium. (There's no hint that Clinton squeezed the Naz to turn over the ore to Giustra. That's not how gentlemen do it.) Following his Kazakh uranium strike, Giustra made a secret \$31 million donation to former President Bubba's foundation.

Another chubby cherub of a fairy, Clinton's former Secretary of Energy, Bill Richardson, wrote a gushing valentine to the Kazakh kleptocrats called "*Crazy for Kazakhstan!*" in *The Washington Times*. Why? I don't have a clue except that a month before writing the article, that crazy Richardson joined Kissinger & Associates whose clients have been up to their asses in Kazakh and Caspian machinations.

I was left asking this most important question: Every oil company is at least *mentioned* in the Justice Department criminal complaint, even if unindicted, except one: BP. *So how did BP, in the midst of this baksheesh bacchanal, end up the big winner in the Caspian without joining in Giffen's payoff party?*

I needed someone who could tell me if BP was either innocent as Snow White or the wily Godfather in this ring of racketeers. I needed an insider in the conspiracy who might tell me its tales. I needed a member of the gang on the outs, steamed about it, who could not be bullied—and who had balls of steel. That’s why I had sought out Jack Grynberg.

But first, I had to ask myself a question Jack wouldn’t: *Who sent Giffen?* Giffen was a nothing, an oil pipe hawker, a plumbing supplier, and suddenly he was wheeling and dealing with the big boys of Houston, London, and the Caspian. Who gave him Nursultan’s phone number?

Remember: It was James Baker’s State Department that set up the meet between Jack and Nazarbayev. Grynberg’s prissy refusal to pay and play threatened to blow the entire geopolitical coup that the State Department and oil giants lusted for. Jack had gone screwy on them, all play-by-the-rule-book. The U.S. government would need a tool, someone who needed the cash and would leave his rule book at home.

I have this question: Could Giffen have possibly sidled up to Nazarbayev without U.S. diplomatic and intelligence encouragement or approval, without the connivance of Baker, Bush Sr., and then Bill Clinton?

Indeed, Giffen, in chains, swore under oath that he paid the money *as an agent of the U.S. government, as an agent of the CIA, National Security Agency, and State Department.*

Grynberg waved that away. Giffen was no agent. He, Grynberg, was an intelligence professional; Giffen is a weasel, a nutcase shyster with a whacky alibi.

Maybe. I’ll check that out myself, Jack.

For a nothing weasel, Giffen seemed to have some serious inside mojo. In 1992, Baker’s State Department used Giffen, not the Kazakh diplomats, as the go-between to Nazarbayev in arranging the strongman’s meeting with President Bush Sr. The Bush-Nazarbayev meeting, by the way, occurred after seven key events:

1. On December 20, 1991, U.S. Secretary of State Baker joins Nazarbayev in his sauna at the dacha near the Kazakh capital, where they discuss oil and gas.

2. Five days later, the United States becomes the first nation to recognize Kazakhstan's secession from the Soviet Union and hails its new President, Nazarbayev.
3. Chevron, which bought the Tengiz oil field from the Soviets just before the secession, wants Nazarbayev to recognize its rights.
4. Giffen is named Nazarbayev's "Counselor" and Chevron's chief, Dick Matzke, complains to Jack about being asked to pay \$20 million through Giffen to play in Tengiz. Chevron refuses.
5. Baker's law firm's client, Mobil, hires Giffen as consultant and ponies up \$50 million. Mobil gets a slice of Chevron's Tengiz field.
6. Chevron gets the message and agrees to pay 75 cents a barrel to the state oil company by way of Swiss bank accounts.
7. Texaco, Phillips, and others hire Giffen. He had a terrific sales pitch, reportedly telling one reluctant exec, "There's a lot of guns in Kazakhstan and bad things can happen."

Despite Jack refusing to pay the bribe, BP (and therefore BP's shadow partner, Grynberg) got the lion's share of the Karachaganak and Kashagan fields from the Kazakh government; and Jack began to wonder how BP got so lucky—and begins to look this gift horse in the mouth—most particularly after BP and his supposed buddy, Lord Browne, shaved a bit off Jack's share.

Jack was leading me to ask about another puzzler, that \$84 million in Giffen's Swiss account. It did not come from the \$105 million pile given to him by Mobil and partners. It doesn't match a single number in the indictment for the Tengiz payoffs. So I asked, Where did Giffen's \$84 million come from?

Jack said it was *his* money; at least, he was billed his share of it by BP. It was for Kashagan. Jack was furious that BP made the payoff, though frankly, he was a lot wealthier for it.

Kashagan? The \$100 billion offshore field wasn't even mentioned in the Giffen indictment.

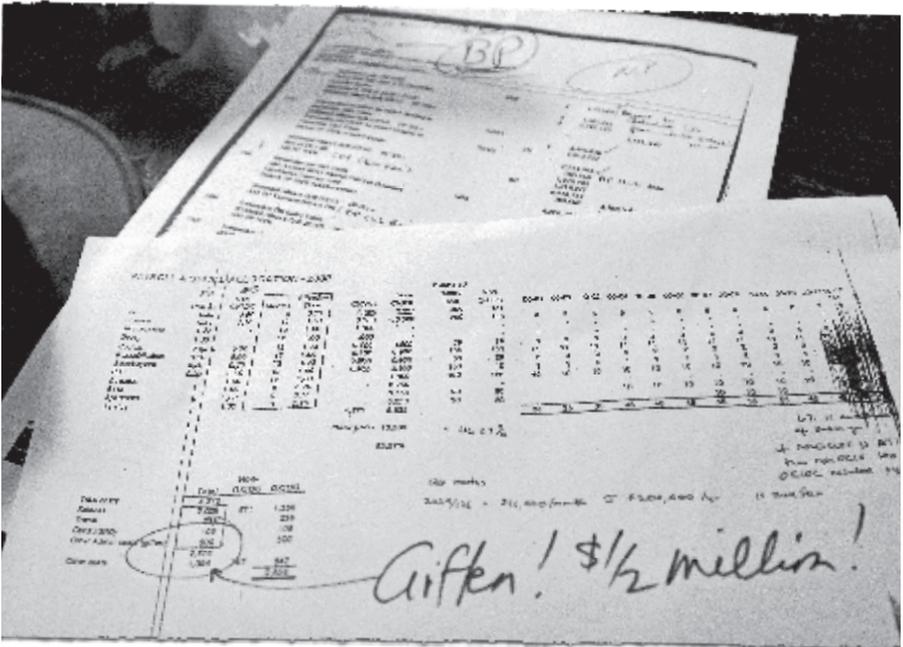
Who else was in with BP on the payoffs? Jack took me through the math: "What's interesting about \$84 million is that the consortium in Kashagan had seven partners, and \$84 million is very easily divided by seven, meaning \$12 million each."

How did he know BP used Giffen as a bagman for this deal?

"BP charged me for it." He pulled out the accounts from BP's files. It was a detail that BP hid from Grynberg by burying it in their invoice for shared costs.

This is what I had come for, this piece of paper, this rock-hard evidence of payment to the bagman, which neither BP nor Giffen could deny and which Jack would give me only by hand, not by mail.

There it was: at the bottom, a list of payments including \$500,000 to Giffen under “Administrative charges.”*



But, Jack, how do you know it’s a bribe?

“Because it never says ‘bribe.’”

For fun, Jack told me, he had asked BP what Giffen was “administering.” Rather than answer, they gave Grynberg his money back.

But that was just bribe *administration*. What about the bribes themselves? He told me that the going price for a piece of Kazakhstan was \$40 million. BP had billed Jack for his percentage of BP’s \$26.4 million payment. (\$26.4 million is two-thirds of \$40 million. BP owns two-thirds of the Caspian site.)

What does a bill for a multimillion-dollar bribe look like? Jack had audited

* The public interest requires the release of this restricted document. I offered BP to keep it confidential if the company or Lord Browne could credibly explain its legitimate purpose. They have declined to do so.

BP's partnership accounts and discovered the \$26.4 million under the heading "production sharing" royalties.

Ah, "production sharing." That's how Leslie the Bagman described the \$30 million payment in Baku.

Frankly, Jack, "Production Sharing" sounds legitimate to me.

Jack smiled.

"THERE WAS NO PRODUCTION."

The light began to shine on the contents of the brown valise Lord Browne handed to Abrahams in Baku. That too, the Bagman told me, was for "production sharing." And again, there was no production.

Production sharing, Grynberg explained, doesn't begin under the Kazakh contract until 2014. "So you can't have production sharing, so that was a stupid way by a BP accountant to hide a bribe. There [it] was: two-thirds of \$40 million."

Not so stupid, really. While that Mobil executive was pinned to the bars in Joliet Penitentiary, getting serviced by a three-hundred-pound mouth breather who calls himself Christine, Lord Browne was getting his knighthood from the Queen.

While Rick did his best to photograph the confidential documents in the darkened apartment, I was tempted to ask, *"So, Jack, any idea who dropped the dime to the Swiss authorities about Giffen's \$84 million account?"*

I knew the answer, so why ask? Instead, I asked Jack why he was such a pain in the ass. After all, as one arbitrator noted, BP's bribes *made him rich* (or richer).

"I think bribery is absolutely the worst thing in the Free World that ever happened."

Come on, Jack, *you* went through the worst that ever happened, the Holocaust.

"That's money that belongs to the people!" Meaning it's the people of Kazakhstan, or of Azerbaijan, or of Louisiana who get screwed by payoffs. Mobil paid \$50 million to KO-1 and KO-2 and picked up Tengiz for spit, just \$1.05 billion for a 25 percent interest in seven billion barrels of oil and condensates. Do the math: Mobil paid up front just *60 cents a barrel (or a penny and a half per gallon)*. *Fill'er up!* Plus, Mobil picked up a fourth of the 14-trillion-cubic-foot gas reserve, worth, oh, a few billion more, thrown in for nothing. A

fair price for the Kazakh people would have been several times what Mobil (now ExxonMobil) got away with.

Crime pays. But Jack was sick of it. Grynberg knew damn well what happens when the guys with the guns get together with the guys with the money. In 1995 while Mobil was stuffing Nazarbayev's Swiss accounts, the average wage in Kazakhstan was \$61 a month. Then, wages dropped further, and in the middle of an oil boom, mass starvation knocked on Kazakhstan's door.

* * *

No question, Jack was insanely altruistic. But not *all* altruistic.

Now the squiggles on the map on the bed had a meaning.

He explained how BP screwed four nations with a single screwdriver. Follow this:

In July 2002, BP sold its interest in Kashagan to the French company Total for \$612 million.

Two days later, Total sold BP half its Nile Delta field off Egypt's shore for spit, for a ridiculously low \$10 million.

The stink of sulfur rose from the combination of these two deals. Right after BP sold its Kashagan share for \$612 million, British Gas sold the same size share and received three times as much, \$1.8 billion. Is BP stupid?

And the \$10 million for the Nile? Lord Browne should have remembered that Grynberg, his old partner on the failed Egypt venture in 1973, *still had the seismic info* and knew the Nile Delta was worth billions, not \$10 million, a joke. Is Total also that stupid?

So BP is stupid and Total is stupid—but two stupids make one brilliant scam. By slashing the sticker prices on what was effectively a trade, Grynberg explained,

—“[BP] cheated Kazakhstan because they paid tax on \$612 million, not \$1.8 billion.”

—“Total cheated Egypt and the people of Egypt out of taxes because they sold property worth billions for \$10 million.”

The British and French treasuries would have been ripped off on taxes as well. So why is BP's partner, Grynberg, telling me this? Because BP paid Jack's family their share (reported as 15 percent) on the \$612 million fake-o

price, not the \$1.8 billion real value. "THEY CHEATED THE GRYNBERG FAMILY."

I did some quick calcs in the margins of my notepad. Out of the \$612 million, BP handed Jack a lousy \$92 million and shafted him out of \$184 million more! Personally, I don't know what it feels like to get burgled for \$184 million, especially when you just got a check for \$92 million.

The Grynbergs sued BP. It was 2008, after Jack cracked the BP-Total reservoir swap game. Grynberg doesn't need the extra \$184 million (not many people can say that), but the hell if he was going to let Browne prance around as the genius knight of the petroleum world when it was Jack who won the Caspian by finding it and seizing it, while Browne got it by stealing it from Jack.

"Browne bribes," Grynberg told me, with disgust in his voice for a contemptible method of doing "business" in which thievery parades as entrepreneurship.

Jack insists a higher justice must be served, with a soupcon of vengeance. Grynberg uses some of his millions to dog Browne and BP anywhere in the world they try to cheat the locals who don't have resources to defend themselves from the petroleum Goliath. Grynberg paid the legal bills of the Ute Indians who sued BP after the company was caught skimming gas from Ute Reservation wells. Grynberg handled the investigation himself, going through BP's drilling records.

On top of that, Jack spent \$20 million to file lawsuits against BP on behalf of the U.S. taxpayers. U.S. law has a strange and wonderful provision allowing anyone to sue a company that cheats the U.S. Treasury. He says BP is manipulating royalty sums owed the United States. (So far, the courts have said No.)

In the battle for reputation, money, and control, only Grynberg or Browne could survive. The smart money should have been on Grynberg. Browne is now bloodied and broken, after he was caught lying to a court about renting his boyfriend from Boots & Suits, the unofficial provisioner to the House of Lords. So now Jack refers to m'Lord Browne as "the felon," though no charges were brought against the lord.

Our information is that someone near Browne believes Grynberg was behind opening the closet containing the lord and his boyfriend, exposing them. Did Grynberg do that? Gentlemen don't ask. I'm not a gentleman, but I didn't ask.

* * *

What about Giffen's reported sales pitch to those who won't join his team, about guns and "bad things happen." And crossing Nazarbeyev can get your life insurance cancelled. Grynberg was no reckless amateur. Recently, he wore a bulletproof vest in Paris when he testified against the thuggish President of the Central African Republic and his demand for payola. But Grynberg simply brushed off Giffen as a bigmouth, a leech, a go-fer who'd seen too many grade-B gangster films.

But there are indeed a lot of guns in Kazakhstan and bad things *do* happen. A Kazakh reporter begins investigating his President for bribery and "commits suicide," shooting himself in the head and the stomach three times. Some reporters still don't get the message. And suddenly, buses are accidentally rolling over them, and their children are found hanged. Something was pushing Jack into real danger and it wasn't the money. The few hundred million wasn't worth it.

* * *

I imagine Grynberg originally trusted John Browne on the Caspian deal because of their parallel lives. Like Grynberg, John Browne is Jewish, which is rare in an industry of tooled-boot cowboys from Houston and royal grandees of the Raj in London.

Sharing the commonality of the mistrusted, Grynberg and Browne would help each other on their parallel paths. But the path, though close, was separated by an uncrossable chasm.

In Poland, during the war, Jack joined the anti-Nazi resistance, a little guerrilla, twelve years old, surviving on stolen potatoes and carrying home-made explosives. Jack refused to talk about it, but I knew.

At twelve, little John Browne was earning honors at the boarding academy at Ely, which was already six hundred years old when Henry VIII renamed it King's School. John's mother survived the Auschwitz concentration camp, but after the war, she married into Anglo-Persian Oil Company royalty.

The future Lord Browne lived with his mother until her death, even taking his mommy to management strategy sessions and board meetings. Paula Wesz, Mrs. Browne, spent her life surrounding John with defenses against a vicious world, encouraging him to become as powerful and as wealthy and as

un-Jewish as possible so no one could hurt him as she was hurt. Assimilate. Pass. Hide. Hide his circumcised *schmeckel* and its nasty lust for other little boys. In the protective cocoon she wove, the lord's mother created a domineering and monstrous weakling, an emotional and moral cripple, a manipulative martinet. A lionized but frightened fraud.

Grynberg, orphaned and hunted by the Nazis, was a child soldier who raised himself unprotected but armed, hungry, and deadly from an early age. Jack never has, and never will, drop his weapons, always a guerrilla, always taking on a tank with his Molotov cocktail or its equivalent in lawyers.

* * *

Rocks and Russia made Grynberg rich. I didn't have to ask him how he learned to speak Russian. I spoke with one of his compatriots in the Jewish Resistance on the Polish-Byelorussian border, Chaim Ajzen from the *shtetl* Hrubieszów. The young resistance fighters, said Ajzen, were taken into the regular Red Army as the Soviets rolled west for the assault on Berlin. War won, the Russians immediately arrested the Polish and Jewish guerillas, hauling them deep into the gulag, on the reasonable grounds that, in the new Soviet workers' paradise, it was not a good idea to let free a bunch of guys who dissented by taking to the hills and blowing up bridges.

To escape from the camps and survive across war-shocked Russia would have required learning some Russian.

But Grynberg, like almost all the Resistance survivors, would not speak of this painful time. Fleeing into the hills to save himself, little Jack, like Chaim Ajzen, must have left his mother and father and sisters and brothers to die, probably shot in the family basement, one or two dragged off to be gassed. Ajzen's own parents, hearing the Nazis were coming, told him, "It isn't right for a son to see his parents killed," and told him to run to the forest.

And the others? I asked Ajzen. His uncle Solomon, "Sollie," was a special case. As the rancher who supplied the Polish cavalry with the horses that charged the German panzer tanks, Sollie was taken to the town square, where all the residents were ordered to attend. The Germans shot Sollie in the head, to the horror of some, to the cheers of others. An old man who as a boy tended horses for Sollie, and revered him, drew a picture of Sollie for me, from memory.

And the others? "Hitler killed them all. Hitler killed them all," my grand-

mother Anna repeated several times. She'd left Hrubieszów safely in 1921. Chaim Ajzen, Yiddish for "Life of Steel," her cousin, is my great-uncle.

* * *

I walked out into a nasty New York rain. I forgot to ask Grynberg, *Say, Jack, whatever happened to "Cows for Kazakhstan"?*

And then it hit me: I'm stupid! I'm an amateur, a schmuck! The air-conditioning!

Jack had chosen a private building that was none too fancy but was locked tight, unlike a hotel, where you could rent a room nearby, bribe clerks, or fool the maid service. It was unobtrusive and secure, out of prying sight lines. BP couldn't run one of its microphone-carrying toy trucks through the vents like they did to Hamel or break into a room like they did to Inspector Lawn or do whatever else they do these days. An old-school spook and underground saboteur who had earned tens of millions of dollars in a shark tank of KGB murdercrats, Grynberg was one of the few oilmen who knew what "safe house" meant and had the brains to use one.

Clearly, Grynberg plays on a complex chessboard I can't even see, let alone know where the pieces move. And I have no doubt I am now one of Jack's pieces. He's the one who tipped me to the Bagman with No Address. And now he has sent me off to London to ask questions he himself is not allowed close enough to ask of BP and his lanceman, the Lord of Madingly.

Well, why not? There is no God, but there is Grynberg. I'll take what I can get.

CULLODEN BAY, TRINIDAD & TOBAGO

Christmas coming, for some. Another urgent message arrived from the Chief of Intelligence of the Free Arctic Republic. We were needed up there again. The temperature in Kaktovik: -20°F. That's the *high* temperature during the day's one hour of sunlight.

So, Badpenny books a flight to the new BP drilling site . . . off Culloden Bay, Tobago (89°F, water temperature 82°F). She's brought nothing but the iPad and a thin wrap to wear over that 'kini with the strawberries. I've noted that when those strawberries bounce, men go mad, the blood drops from their brains to their boxers, they become idiots.

Not me. I don't get my meat where I get my bread.

The stopover in Port of Spain is unavoidable. PoS, capital of Trinidad, is a bit of a toilet. And I have deep respect for that, the down-at-the-heels government buildings, the Third World crappiness of it. Not every oil capital has to be a Baku, a bribery bacchanal of imitation Dubai, an economy that balances on the First Lady's stilettos.

The huge dollops of loot from the oil and gas wedged between Trinidad and Venezuela have been passed around to the Trini citizens.

Offshore, just beyond the horizon, BP's platforms are sucking up Tobago's hydrocarbon, so I've been conducting an extensive investigation of the environment. By snorkel. I've been staring at angel fish and they've been staring at me. Unlike Baku, unlike Biloxi, nothing is floating that I can burn with a lighter.

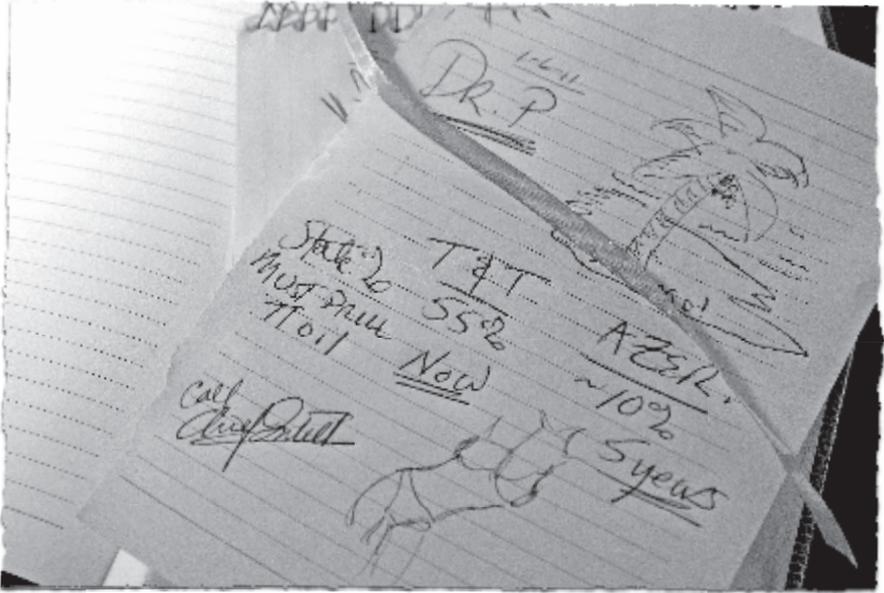
Compared to central Baku, it sucks: not one Bentley, not one Lamborghini, and the biggest shop is the Penny Saver, where you can get plastic sandals. The footwear here is a joke. Ferragamo would commit suicide in a place like this.

Now we come to the critical part of the investigation. Under the palm tree, Badpenny is playing Scrabble in English on her iPhone. Krishna is pouring me, despite my stern protest, a second snifter of El Dorado 15, even more delicious than Angostura brandy. I have a new love.

Krishna Persad is the Grynberg of Trinidad. I figure Dr. P, as everyone calls him, can fill in the numbers for my investigation of BP.

Here are the numbers:

	Azerbaijan	Trinidad & Tobago
State cut of oil	10%	55%
Minimum drilling required	None	Lots
"Profit" Oil for govt	After 5 years	From Day One



In Trinidad, BP gets a slice. In Azerbaijan, BP gets the pie. And in the USA, we get Baku'd.

COURTROOM 11, MOYNIHAN FEDERAL COURTHOUSE SOUTHERN DISTRICT OF NEW YORK, MANHATTAN

Jim Giffen looks damn good. He's tanned, he's fit. Looks like he played a few holes this morning before his sentencing. Giffen lives right on the fairway at the famous Winged Foot Golf Club. Nice house—I'd filmed it by accident while looking for his neighbor, Hermann the Vulture.

And I suppose, at the end of play, Giffen, the guy with the "people here have guns" motto crushed a few balls just to stay in practice.

Courtroom 11 looks a bit like an exclusive gentlemen's club, which it is, with marble and rich leathers and mahogany. Here, gentlemen are sentenced for gentlemen's crimes. No "boosters" from the Bronx here. Right now, the place is crowded with old white guys from Winged Foot, all with the same leathered faces and thick white razor-cut hair, in Brooks Brothers blues and shoes, plus some of their trophies garnished with pearls.

The judge is running late, and Giffen and his lawyers (I counted eight, at

an average of, say, \$600 an hour) were joshing each other and giggling and having a fine old time. There's the big-shot *consigliere* Bill Schwartz and some young pudgy-faced blond boy to hold his briefcase and a matching female blonde to hold *his* briefcase. Under her gray suit, you could see the outline of thighs muscled from hours on the treadmill at the New York Health and Racquet Club. (I obviously had time to kill.)

"All rise!"

Judge William Pauley III sat down, we followed, and His Honor asked his buddy Schwartz if he had something to say about Giffen before handing down sentence.

U.S. v. Giffen is called "the granddaddy of bribery cases" because of the sum, over \$100 million, its recipients "KO-1 and KO-2," and Giffen's client list, which looks like a birthday party at the Houston Petroleum Club: Exxon-Mobil, ConocoPhillips, and (still unknown to the government) BP.

For all the millions that flowed through his hands, and the millions that stuck there, Giffen was just a glorified delivery boy, a bagman, a mule. But unlike some poor sucker from Ecuador who carried baggies of cocaine in his stomach, Giffen carried Swiss bank account numbers in his BlackBerry.

Caught holding the bag for Mobil and company, Giffen would finally go down.

The night before, I got ahold of the cell phone number of a high-level Justice Department insider, who agreed to talk to me on "*deep, deep background.*" (The scrapbook of this investigation would make an odd photo album: no faces, no names, except for those strange few with more courage than common sense.) Mr. Deep-Inside said, "*Justice caved in. Just caved in. They had the documents, it's all documents, hard evidence. Giffen's been allowed to plead tax code violations, no personal admission of bribery.*" It was a sick crawl-down, but still, Deep Insider says Giffen has agreed to a year in the slammer, felony rap, plus probation, and fines in the millions. A slap on the wrist. But with a bit of a sting.

The Granddaddy of bribery cases had stalled all through the Bush years. Giffen's defense that he was a secret U.S. government agent, a big laugh, had delayed the case for six years while George Bush defended the CIA's new powers to say fuck off to any snooping court inquiry.

With Obama in, Giffen would finally face Justice. But not KO-2, The Naz, President Nazarbayev. Another source via Russia told me that Hillary Clinton had sent her Deputy Secretary of State to Kazakhstan, just before Justice

offered Giffen a plea, to reassure bribe taker KO-2 that neither he nor his creepy little Prime Minister, KO-1, would be named in a U.S. court.

This was a sweet little deal for Giffen: The bagman was not required to reveal any payment from BP, nor cough up the sources, nor the seven names that so easily divide into \$84 million. The government didn't ask for names—and prays nightly that Giffen will never say them. Giffen held the government hostage: If his Swiss hidey-holes were traced to the Seven Sisters, then the oil companies would have to be indicted with him. Then, under international law, *these contracts could be voided*.

Contracts that are the fruit of crime cannot be enforced. BP, France's Total, ConocoPhillips, Texaco, Italy's ENI, and the rest of the gang, if indicted, would be out of the Caspian on their *keisters*. China, giggling on the sidelines, would end up with the whole caboodle.

A huge scrum of reporters is down the hall, covering a blonde in the Bernie Madoff trial. I am the only reporter covering the Bribery Case of the Century. Lucky me.

Now, Schwartz stands. Giffen's mouthpiece is about to earn his \$600 an hour. At a dark-wood lectern, tall and dramatic, the attorney says that his client had merely "failed to tick a box on a tax form"—that was his only crime, to which he now confessed. He'd given up an \$84 million bank account. Giffen had, in fact, already suffered as if under sentence for years, a virtual prisoner in his own home! (Home on the links, Alcatraz for the Affluent, Rikers for the Rich.)

The judge is asking if "the Government would like to comment." There are two guys in cheap suits I hadn't noticed before, looking uncomfortable, like they'd just been called on by the teacher and they hadn't done their homework. Barely audible, one said, "Uh, no."

There's a pause. Suspense. I wonder if they're going to drop their pants, grab their ankles, and say, "All yours, Mr. Giffen!"

The Judge says gently, "Will the Defendant rise for sentencing?"

His Honor, from the Nassau County Republican machine, had a soft look in his eyes. He says Giffen is a "great patriot" who acted "for the best interests of the United States."

Huh?

I hope I'm getting this exactly:

"I have read an extraordinary amount of the classified material." The Judge couldn't reveal details—he smiled—but, "Suffice it to say, Mr. Giffen was a sig-

nificant source of information to the U.S. government and a conduit of secret information from the Soviet Union during the Cold War.”

Holy shit, Giffen really was an agent.

“For years, Mr. Giffen was a source able to work his way into the highest level of the Soviet government, an invaluable conduit for our agencies and interests. He was instrumental in the release and freedom for Soviet Jews.”

My God, it's *Schindler's List, Part 2!* I was reminded of all the Nazis who grabbed some starving Jew after the war and claimed they had saved them.

“And then, after the end of the Soviet Union, Mr. Giffen used his connections with the President of Kazakhstan to work with the U.S. government in advancing our nations strategic and business interests.”

So it's true. Poor Jack Grynberg. Giffen wasn't “some pipe salesman,” as Grynberg thought. The State Department had set up Jack to rope in Nazarbayev, pay him what had to be paid, and get the oil away from the Russians and Chinese. But Jack went rogue and started up his one-man holy war on bribery. The Agencies sent in a replacement, Giffen, to take care of KO-2 and KO-1 and take Jack out. Well, Jack, “bad things can happen.”

The Judge is working himself into a patriotic froth. Giffen “was one of the only Americans with sustained access to” the Kazakh kleptocrats. “These relationships, built up over a lifetime”—the Judge stared sternly at the two cheap suits—“were lost the day of his arrest.”

In other words, you Justice guys with your dimwit FBI screwed this up bad, burning an intelligence asset. Schmucks.

I'm listening as the Judge apologizes for the FBI interrupting Giffen's transfers of cash.

He agrees with Giffen's mouthpiece. “*This ordeal must end!*”

Ordeal? At the Winged Foot Country Club? Maybe I'm in the wrong business.

“How does Mr. Giffen reclaim his good name? This court begins that process by acknowledging his service. We all owe Mr. Giffen our thanks.”

Oh my god, is the Judge going to make us all stand up and say *Thank you, Mr. Giffen?*

Now sentence is pronounced. Giffen has pleaded guilty, but his record will show him only as making a paperwork error on a tax form, a misdemeanor far less severe than a DWI.

As bribery had been confessed, the felony will be charged against Giffen's corporation, which, as far as I can tell, exists mainly on paper. *Bad, bad piece*

of paper! Even the piece of paper gets off lightly: the only “bribery” the Judge will put on record is “a Christmas gift of two snowmobiles, only \$16,000, gifts which are a common part of local culture.” (I don’t remember snowmobiles in Terminal Town. A chicken, yes.) The law requires the Judge to charge the piece of paper a \$32,000 fine, an amount Giffen has in change between his sofa cushions.

And Giffen himself? The Judge *apologized* to Giffen for his arrest and one night in the pokey. That would be his prison sentence, “time served,” that one night. The Justice Department? They asked that Giffen should, at least, be given probation.

The Judge ruled, “There will be *no probation*.” Giffen has suffered enough.

However, because Giffen pleaded guilty, there must be punishment, a fine.

“I must fine Mr. Giffen the required \$25.”

* * *

I worked my way into the elevator with the laughing, backslapping party on its way out for drinks. On the courthouse steps, I shook Giffen’s hand and congratulated him. But I wouldn’t let go. A cheap trick, that. Grinning at him while my grip turned his wrist subtly, I maneuvered Giffen into range for Rick’s telephoto lens. Matty Pass, who’d slipped into the pack of his gleeful crowd, handed me a microphone from under my legs. I put it in Giffen’s face.

“BP-Kazakhstan paid you half a million. What was *that* for?”

Giffen, who’d turned his head to take more congratulations, suddenly snapped around at me, “I never got paid by BP. There’s no document to prove it.” Matty handed me the document. The invoice mailed by BP to Grynberg.

The moment I showed it to him, Giffen shouted in my face, “Sleaze!” And just as I asked, “What did you pay Nazarbayev for BP?”—I got one hard-slamming body check from my blind side, nearly throwing me down the courthouse steps. From the scrum around Giffen, the muscular blonde locked eyes with me. If she did it, she earned her \$600.

I deserved it, this slam, this final blow to any silly schoolboy hope that a teensy-weensy bit of justice remained in the system. I felt like I should offer to pay CIA agent Giffen’s \$25 fine. Here was an education worth paying for.

WRITING WORTH READING

ColdType

www.coldtype.net