

RANDOM HOUSE  BOOKS



Dirty Tricks

Martyn Gregory

Contents

About the Book

About the Author

Title Page

Praise

Epigraph

Foreword by Sir Richard Branson

Preface

BA's Management Tree

The Players

1. Dangerous Games

2. The Hunters and the Poacher

3. The Braces and the 'Grinning Pullover'

4. Tokyo Storm Warning

5. Mission Atlantic v. Virgin Atlantic

6. The Battle for Heathrow

7. Branson's Black October

8. Breakfast in America

9. Barbarians at the Departure Gate

10. 'The Spirit of Sir Freddie'

11. Operation Covent Garden

12. 'The King is Dead! Long Live the Marshall!'

13. Virgin's Victory

14. BA: Gags and Cover-Ups

15. 'World War Three' - Cancelled

16. 'We've started so we'll finish'

Picture Credits

Index

Acknowledgements

Copyright

About the Book

Richard Branson's Virgin Atlantic was valued at over £1.2 billion when he sold a 49% stake to Singapore Airlines in 1999. This was an extraordinary achievement for an airline that began life in 1984 with one plane. Virgin Atlantic became one of the world's top airlines only after surviving an incredible dirty tricks campaign by British Airways. Award Winning investigative journalist Martyn Gregory exposed BA's secret war, and he reveals the full story in *Dirty Tricks*.

About the Author

Martyn Gregory is an award-winning TV producer and reporter whose investigations exposed British Airways' dirty-tricks campaign against Virgin Atlantic. His 1992 film for ITV's *This Week*, 'Violating Virgin?', ignited the conflict between the two airlines and led directly to their legal battles. His 1993 film for *World in Action*, 'BA's Virgin Soldiers', revealed the involvement of BA's board in the campaign.

He has written about BA's dirty tricks for the *Guardian*, the *Independent*, the *Sunday Times* and the *Observer*. He has also written for the *Spectator*, the *New Statesman*, the *Sunday Telegraph* and the *Daily Mail*.

One of Martyn Gregory's best-known films, 'The Torture Trail', about the international torture trade, won Amnesty International and the Royal Television Society's 'best documentary' awards. He was also presented with the Freedom of Information Campaign's 1996 media award for his 'brilliant achievement'.

In 1998, Martyn Gregory Films co-produced 'The Accident', about the death of Princess Diana in Paris. It became the highest-rated *Dispatches* programme in Channel 4's history, and led Martyn to write *Diana The Last Days* (also published by Virgin), which was hailed as the 'definitive account'.

Dirty Tricks

British Airways' secret war against
Virgin Atlantic

Martyn Gregory



Critical acclaim for DIRTY TRICKS:

‘The cast of characters contains devious public relations men, private detectives, slick entrepreneurs, trash-pickers, corporate chieftains, Shakespeare-quoting lawyers and the Princess of Wales . . . *Dirty Tricks* is a detailed case study of how easily corporate ethics can go awry and the damage it can cause . . . Mr Gregory’s biggest scoop is to argue convincingly that senior British Airways officials such as Lord King and his successor, Sir Colin Marshall, knew about the dirty tricks from the start and approved them’

– *Brian Coleman, Wall Street Journal*

‘The book highlights the fervent support which the British government has long provided for British Airways, records the almost complete domination of British commercial aviation by British Airways, and at several points underscores the financial importance which British Airways attaches to preventing competition at Heathrow’

– *Robert Crandall, Chief Executive, American Airlines*

‘Martyn Gregory makes no concessions: little Virgin Atlantic is the hero, British Airways is the villain in his muck-raking, and very readable, tale of dirty dealings behind the smooth façade of a modern company . . . [and] the author is right to take that view’

– *The Economist*

‘. . . riveting . . . Martyn Gregory’s minutely reconstructed account of these extraordinary shenanigans . . . contains enough material to sustain, on its own, a whole year of MBA classes . . . *Dirty Tricks* demonstrates in technicolor the corrosive risks involved in powerful commercial codes that do not have an intrinsic ethical component’

– *Simon Caulkin, Management Today*

‘. . . an extraordinary book, not least because the tale it tells is true . . . But, essentially, this is a serious book and traces the most brutally fought battle in British commercial history . . . *Dirty Tricks* is a very good read . . . and gives a great insight into the rough world of the airline industry’

– *Geraldine Harney, Irish Press*

‘This guided missile blasts the sacred cow of fair play by the “World’s Favourite Airline” right out of the sky. Gregory’s exciting narrative uncovers a wealth of detail on how BA tried to ruin Branson and put him out of business . . . Gregory does credit to an espionage thriller’

– *David Graham, Manchester Evening News*

‘Martyn Gregory, who first opened the can of worms with two investigative television programmes, tells in a devastating account of a big business, a devastating account of a big business, driven by fear and envy of a smaller rival, sliding from hard business practices into a morass of what BA euphemised as “disreputable business practices”’

– *Christopher Dobson, Glasgow Herald*

‘Martyn Gregory’s achievement is to have made *Dirty Tricks* accessible and compelling even though the outcome is public knowledge. His excitement as this extraordinary tale unfolds will be a tonic to all hacks who have given up hope of a scoop . . . the book should be read by anyone who flies regularly’

– *Edward Stourton, BBC newscaster*

‘Definitely one of my favourite books and a fascinating account of just how badly a large company is prepared to behave in order to try to crush a rival. The book was a warning to me to act swiftly’

– *Stelios Haji-Ioannou, Founder of easy Jet*

‘. . . a tale of corporate espionage, with all the elements of a mystery thriller . . . Beyond the issue of “dirty tricks” is a fascinating tale of how Britain’s Iron Lady, former Prime Minister Margaret Thatcher, made BA the powerful carrier it is today’

- Andrea Rothman, Bloomberg Forum

‘. . . pulls few punches and spares few reputations . . . Gregory’s success is in pulling together and painting a clear picture of just what it is like to be at the sharp end of BA’s considerable attack’

- Martin Fitzpatrick, Sunday Independent (Ireland)

*'Life is what happens to you
when you're busy making other plans'*

John Lennon 1980

Foreword by Sir Richard Branson

When I first met the author of this book in January 1992, I was very nervous. A rash of newspaper articles that winter had claimed all sorts of problems at Virgin Atlantic, and some of them had reported our accusations of *Dirty Tricks* against BA. Martyn Gregory approached us on behalf of ITV's *This Week* programme to ask if he could make a documentary about the dispute between BA and Virgin. With the effects of the Gulf War still ravaging the airline industry, I really did not know if complaining about BA's activities on national television would just make matters worse. I couldn't work out how we were going to prove a lot of the things that we were sure were going on. BA seemed invincible and, for one of the first times in my life, I felt vulnerable.

In the circumstances, meeting Martyn Gregory was a cathartic experience. As Will Whitehorn and I told the story of shadowy PR men, weird goings-on at the departure gate, and the possible involvement of private detectives, I myself wondered if BA could really be up to such things. On that day, it was only memories of what Sir Freddie Laker had told me about the collapse of his airline in 1982 that stopped me from ending the meeting and apologising for wasting Martyn's time. However, Martyn was interested in the facts, and I could see at our first meeting that he not only took the matter very seriously, but also had a forensic approach to his journalism. He seemed confident that if our tale had any substance, he could get to the bottom of it. So we agreed to participate in Martyn's film which led directly to our historic 1993 libel success against BA; the following year he wrote this book which he has now updated.

If the events reported here were not true, very few would have believed they could have happened: 'this would be incredible as fiction' wrote one distinguished reviewer. *Dirty Tricks* is the story of how a once proud government-owned institution became so arrogant that it thought it could get away with corporate murder and destroy Virgin Atlantic. More than that, it is a story of what happens when people lose touch with reality. This combination had infested the entire culture of BA in the early 1990s, and led to many of the bizarre activities that are chronicled in this book.

Following excellent reviews, *Dirty Tricks* became a best-selling hardback in 1994, but legal problems led to the paperback version being pulped in 1996. When Martyn approached me last year and told me that he now owned the rights to the book, I felt that Virgin should publish it. Nearly a decade after the drama described in these pages unfolded, *Dirty Tricks* still reads to me like a Raymond Chandler detective thriller with the author himself taking the role of Philip Marlowe. It is an excellent read, and it also provides a bench mark by which to judge any attempt by some latter day David Irving to apologise for the worst corporate excesses of the Thatcher era.

Sir Richard Branson
May 2000

Preface

Teatro Restaurant, London, 11 February 2000: I was having a quiet meal with friends in London's Soho when an enormous cheer went up from a table on the other side of the crowded restaurant. Everyone turned towards the source of the celebrations to find that Richard Branson was the cheerleader. We watched his party toasting and embracing each other. Later Branson came over to our table grinning broadly, 'Sorry about the racket, I just heard that we have finally signed the Singapore deal.'

The 'Singapore deal' was the most significant in his airline's history – the sale of 49% of Virgin Atlantic for £600 million to Singapore Airlines. The agreement had been announced in December 1999, but the news that it had finally been signed had been phoned through to Branson in Teatro. It seemed fitting that the Virgin revellers left the restaurant for a launch party for Virgin student.com at Legends nightclub. Branson's first-ever commercial venture had been his *Student* newspaper in the 1960s, and the money he raised from the sale of Virgin Atlantic to Singapore will help finance his internet ventures in the twenty-first century.

My chance encounter with Branson occurred as I was finishing this book. It seemed an appropriate coincidence; I had effectively started writing this on the day I first met the Virgin boss eight years earlier on 8 January 1992. At the time I was working as a producer-director on the ITV current affairs programme *This Week*. Following a pre-Christmas flurry of press coverage I had been asked to look into

Branson's claims that British Airways was running a dirty-tricks campaign against his airline.

I arrived early for our meeting at Branson's Holland Park home in West London, which at that time doubled as his office. He was standing outside the house with a group of Virgin Atlantic stewardesses in their distinctive scarlet uniforms. I wondered what was going on. I watched from the other side of the tree-lined street as Branson and his stewardesses suddenly threw their arms to the sky. 'Across the pond for £99! Only on Virgin Atlantic! Roll up! Roll up!' cried Branson.

I rebuked myself for not realising that I had stumbled on a Branson photo-opportunity. Branson and his group of hostesses posed in front of a cardboard Virgin tail-fin with the details of his winter saver to New York plastered all over it. A small cluster of cameramen dutifully recorded the event. After a short interview with a television reporter, I was amused to see Branson manoeuvre the cardboard tail-fin rather awkwardly up the steps to his front door and disappear inside with it.

I waited for a few moments before knocking on his door. I viewed the prospect of making a film about Virgin Atlantic's quarrel with British Airways with mixed feelings. I had spent much of the previous year filming in the Gulf and the Middle East, first in Israel and Kuwait during the war, and then in the Lebanon just before the British hostages were released. A spat between two British airlines seemed tame in comparison, and I was sceptical about what little I had read of Branson's claims in the papers. Given his well-chronicled ability to use himself to publicise anything bearing the name 'Virgin', I needed to be convinced that his 'dirty-tricks' allegations against BA warranted attention.

I remembered the dramatic day in 1985 when Richard Branson's transatlantic power-boat sank just short of its destination. I was a junior producer in BBC news. The first reports of Branson's potentially fatal accident reached the

newsroom just after the *Six O'Clock News* ended. A series of newsflashes updated viewers on Branson's fate, and a heated debate developed over whether the story should lead the *Nine O'Clock News*. The South African Prime Minister, P.W. Botha, was due to address his parliament in Cape Town that evening: teams of BBC people were expecting to report a speech announcing the end of apartheid. So what should lead the late news bulletin? The historic end of apartheid, or the disappearance of a self-publicist in a boating accident?

I backed the minority P.W. Botha faction, but was relieved when the issue was resolved by the course of events before transmission. The *Nine O'Clock News* led with a report that Branson had been fished out of the Atlantic alive; later, Botha had failed to cross the Rubicon. 'British hero rescued from the cruel sea' was a much better lead than 'apartheid to continue'. Reservations about the genuine news value of stories involving Branson remained a dilemma, however, and I was keenly aware of it as I climbed the steps to his front door.

Branson was wrestling with the cardboard Virgin tail-fin in his spacious hall as I entered. We spent the morning talking about his claims against BA. He was joined by Will Whitehorn, a fresh-faced Scot who had been his personal press officer for the past few years, and I was joined by my colleague, Michael Chrisman, a taciturn New Yorker who was *This Week's* associate producer.

I was surprised by Branson. He had returned tanned but clearly not relaxed from his Christmas holiday on Necker, his Caribbean island. For hours he pored over notes he had scribbled in battered diaries detailing his claims. Frequently interrupted by Whitehorn, Branson outlined Virgin's case as best he could.

Whitehorn couldn't stop talking and Branson sometimes found it difficult to start as he struggled to read his own notes. He constantly dragged his hands though his wiry fair

hair, cupping his chin in his hands as he tried to read his own handwriting. Fleetinglly he appeared to me to be more like the distraught figure in Munch's classic frieze, 'The Scream', than the familiar chat-show guest. The photo-opportunity grin had been left in the hall with the cardboard Virgin tail-fin.

Branson and Whitehorn told us extraordinary stories of private detectives, stolen passengers, shredded documents. They told us of a mysterious American who once worked for BA, and a PR man with the improbable name of Basham who, they claimed, had been hired by Lord King to trash Virgin Atlantic in the press. They eventually produced a typed list of allegations against Lord King's airline, headed 'BA's dirty tricks'.

Just before we left Branson said: 'I am quite convinced that Lord King is trying to drive Virgin Atlantic out of business. There is absolutely no doubt in my mind.'

We left Holland Park with a bundle of documents and much food for thought. I was impressed by Branson and Whitehorn's sincerity, but Chrisman and I needed to do our own research. Branson's list of allegations sounded more like the ingredients for a novel than a plausible account of a plot to ground his airline.

Eventually, we established what we thought were interesting questions for BA to answer. We asked Lord King to take part. He refused. Before transmission, I received a letter from the head of BA's legal department, Mervyn Walker. Walker accused me of

falling into the trap of being used as a vehicle for Richard Branson's propaganda, which sets out to contrive controversy with British Airways to create publicity for himself and his company and to inflict serious damage on the reputation of British Airways.

We are not prepared to be provoked into playing Mr Branson's futile game and, therefore, must decline to take part in interviews on this occasion.

I was surprised that the legal director had been instructed to write to me, and startled at the ferocity of his response to

our request to interview Lord King. I wondered how he had come to his conclusion that I had fallen for Richard Branson's propaganda. Nonetheless, we made a point of including extracts from Walker's letter in the programme when it was transmitted on 27 February 1992.

The next day, BA's in-house weekly newspaper, *BA News*, reproduced Walker's letter to me almost in its entire form under the front-page headline, 'Branson "Dirty Tricks" Claim Unfounded'. Lord King repeated similar sentiments in a letter to viewers who had written to BA to complain about the allegations contained in the programme. Three weeks later, Richard Branson sued BA for libel on the basis of both the *BA News* article and Lord King's letter.

'King was effectively calling me a liar, so I sued him,' said Branson, who had never previously issued a writ on his own behalf.

Another three weeks passed, and King countersued Branson, also for libel. It was spring 1992. The dirty-tricks affair became *sub judice* and, for the rest of the year, the story all but disappeared from public view. Both King and Branson ploughed millions into hiring the best lawyers they could find to prosecute each other in what was immediately dubbed 'the mother of all libel battles' in the press. At stake were the reputations of two of the best-known products of Mrs Thatcher's 'enterprise culture'. Both had become household names because of their airlines – King for the transformation of British Airways, Branson for the creation of Virgin Atlantic.

On 11 January 1993, the dirty-tricks affair exploded back into public consciousness.

Lord King and British Airways paid Richard Branson and Virgin Atlantic £610,000 in damages, the largest libel sum ever paid in British history.^{[1](#)} In addition, BA paid the entire cost of the libel action – estimated at £4.5 million. Lord King and his airline also apologised to Richard Branson for perpetrating a series of activities which gave Virgin

Atlantic's chairman 'reasonable grounds for serious concern'.

What everyone else by now referred to as 'dirty tricks' BA preferred to call 'disreputable business practices'. The airline admitted in the High Court that these included passenger poaching, document shredding, and obtaining access to computer information about Virgin Atlantic. In addition BA admitted trying to plant 'hostile and discreditable' stories about Virgin and Richard Branson in the press. Because it was the publication of Mervyn Walker's letter to me that had sparked the libel battle, BA also acknowledged in the High Court statement that my film had 'independently investigated the dispute'.

British Airways insisted, however, in the High Court statement that 'the directors of British Airways were not party to any concerted campaign against Richard Branson and Virgin Atlantic'. In a subsequent elaboration of the airline's position, BA stated that 'the regrettable conduct . . . was confined to a relatively small number of unconnected incidents involving a small number of employees'.

Under enormous pressure from the airline's institutional investors and the non-executive directors on BA's board, Lord King and the chief executive, Sir Colin Marshall, were required to sign pledges affirming that they had not 'implemented or authorised' any of the 'disreputable business practices' that the airline had apologised for in court. The chairman of BA's non-executive directors, Sir Michael Angus, who was also President of the Confederation of British Industry at the time, went further. In a statement, he claimed that Sir Colin Marshall 'did not know' about any of these 'disreputable activities'.

It was difficult to find many outside the BA boardroom who believed this. The board, however, was satisfied with the directors' pledges. Lord King stepped down as chairman and the board appointed him president. The chief executive, Sir Colin Marshall, was promoted to chairman, a post which he

combined with that of chief executive. Robert Ayling, formerly the director of the marketing and operations department, was also promoted to become group managing director.

By caving in, British Airways had avoided a trial that was scheduled to last three months, but Lord King and his airline could not avoid a wave of criticism from all quarters of business and political opinion in Britain. For the airline that had awarded itself the title of 'The World's Favourite Airline' after its privatisation in 1987, the fallout from the dirty-tricks affair was a public relations disaster of unparalleled proportions.

No criticism of BA was more savage than that of *The Times'* columnist Bernard Levin. So disturbed by the affair was he that he devoted two entire articles to it. Levin detected

a stench so relentless that I have found myself unable to sleep . . . The stench is made up of several sub-stenches, including self-exculpation, blame-shifting, cowardice, knavery, crocodile tears and a miasma in which anything can be lost and no doubt has been.

Lord King presided over an enterprise that would have had the mafia saluting, while his fetcher and carrier, Sir Colin Marshall, trotted behind him.

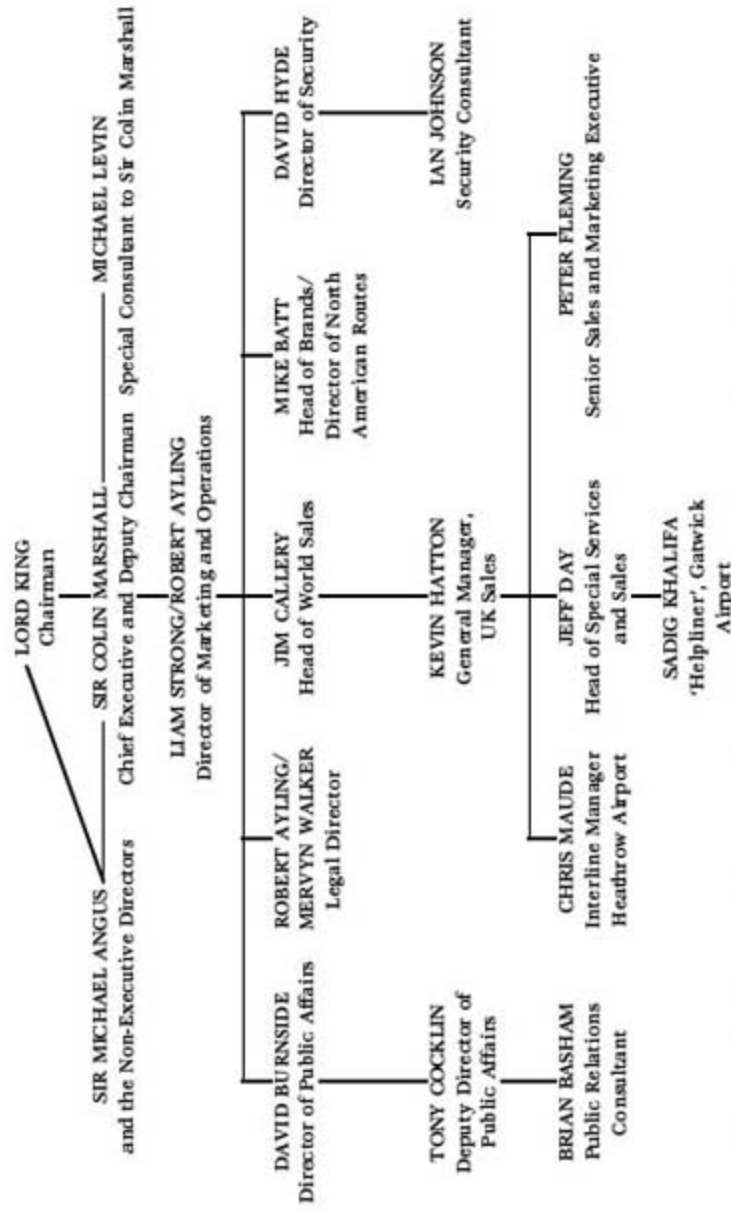
Levin concluded his second article by posing the following questions: 'Who instigated? Who knew? Who denied? Who covered up? These are the four crucial questions that must be answered.'

An even more fundamental question should be added to Levin's list: 'Why did BA do it in the first place?'

This book is my attempt to answer all of these questions.

¹ Others have been awarded more, but no one has been paid more.

BA's Management Tree



Note: This diagram shows how some of the relevant BA players related to each other. It is not a complete or official command structure.

The Players

British Airways

Lord King	Chairman
Sir Colin Marshall	Chief Executive and Deputy Chairman
Michael Levin	Consultant to Sir Colin Marshall
Sir Michael Angus	Chairman of the Non-Executive Directors
Robert Ayling	Chief Executive 1995–2000 Group Managing Director 1993–5 Marketing and Operations Director 1991–2 Company Secretary 1987–1991 Legal Director 1985–1991
Mervyn Walker	Legal Director from October 1991
David Burnside	Director of Public Affairs
Tony Cocklin	Deputy Director of Public Affairs
Brian Basham	Public Relations Consultant
Sir Tim Bell	Public Relations Consultant
David Hyde	Director of Security
Ian	Security Consultant

Johnson	
Nick Del Rosso	Private Detective
Tom Crowley	Private Detective
Liam Strong	Marketing and Operations Director until September 1991
Mike Batt	Head of Brands & Vice-President, North America
Jim Callery	Head of World Sales
Barbara Cassani	Sales and Marketing Chief Executive, Go, 1997 onwards
Kevin Hatton	General Manager, UK Sales
Peter Fleming	Senior Executive, Sales and Marketing
Sue Hollis	London Sales Manager
John Scaife	Business Analysis Unit
David Noyes	General Manager, Telephone Sales
Chris Maude	Interline Sales Manager, Heathrow
Yvonne Fletcher	Interline Sales Executive, Gatwick
Jeff Day	Head of Gatwick 'Helpliners'
Sadig Khalifa	'Helpliner', Gatwick Airport
Dick Eberhart	US Vice-President, Commercial Affairs
John Turnbull	UK Solicitor, Linklaters & Paines

John Dickey US Attorney, Sullivan & Cromwell, USA

Virgin
Atlantic

Richard Branson Chairman

Will Whitehorn Press Officer

Paul Griffiths Executive Director (Commercial)

Gerrard Tyrrell Solicitor, Harbottle & Lewis

Others

Margaret Thatcher British Prime Minister, 1979–1990

Malcolm Rifkind Secretary of State for Transport, 1990–1992

Sir Freddie Laker Chairman, Laker Airways

Harry Goodman Chairman, Air Europe Yvonne Parsons

Caroline Mickler Virgin Atlantic Passengers

Dr James Sorrentino

Dr Cheong Chief Executive, Singapore Airlines

Choong
Kong

1 Dangerous Games

West London. Late March 1992

JOHN REILLY DROVE his white transit van to the junction of the A40 and the Edgware Road in West London. He parked under the flyover and switched off the engine. He glanced up and noticed people making their way into the vast Metropole Hotel. The engine ticked quietly as it cooled. Reilly sat silently.

After about fifteen minutes, a darkly clad figure on a motor scooter appeared on the other side of the road. Reilly recognised the silhouette of the Territorial SAS officer against the headlights of the oncoming traffic. The man waited for a break in the traffic before bringing his bike over to Reilly's side of the road. Reilly wound down the window as the man removed his crash helmet to reveal closely cropped, dark hair.

'How did it go?' the man asked.

'No problem,' replied Reilly as he stretched to retrieve a large envelope from behind the passenger seat. He passed it through the window.

As his contact melted into the darkness, Reilly started his van and headed home down the A40.

John Reilly had joined the swelling ranks of Britain's 'private investigators' as the clammy tentacles of the recession began to grip Britain in the late 1980s. A thin, ginger-haired man with a wispy beard and waxen complexion, Reilly lived a parasitic existence. As the recession began, the private detective hunted debtors, bankrupts and unfaithful

partners. Most of his clients were solicitors and suspicious spouses who were keen to remain anonymous. They used him as a 'circuit-breaker' or 'cut-out' to isolate them from their dirty work.

Reilly advertised his services in the Yellow Pages under 'Metropolitan Private Investigations - Discreet Inquiries Undertaken'. He worked from a small, cluttered house in Teddington which he shared with his wife and mother-in-law. Reilly had drifted into private detective work without any formal qualifications or experience. A former wedding photographer, he had started his undercover existence by conducting 'static' surveillance, a mind-numbingly tedious occupation that involved sitting for hours in a car, or sometimes under a hedge, waiting to photograph 'suspects'. Reilly progressed to private investigations, and worked out of a tar-paper shed at the bottom of his garden. The shed doubled as a darkroom.

In the middle of March 1992, detailed instructions had been left on Reilly's answerphone for an assignment on his patch. Reilly always preferred working from a recorded message. The circuit-breaker kept all his taped instructions until he had been paid to ensure that he was not cut out of his commission. The voice on the answerphone told Reilly to steal sacks of rubbish from an address in Teddington. As normal with 'rubbish runs', Reilly would have to sift through the garbage once he had stolen it. In this case, the client asked him to recover all the documents he found in the rubbish bags.

Even though 'rubbish runs' were Reilly's stock-in-trade, he had never quite got used to the stench of the kitchen waste and disposable nappies he often encountered. The smell made him want to vomit. At least he didn't have too far to go on this occasion - the Teddington address the voice had left on the answerphone was less than a mile from where he lived.

In the early hours of the morning, Reilly drove his white transit van towards his target's home. Dressed in the dark pullover and jeans he normally wore for rubbish runs, he drew up to the address in Teddington Park. Leaving the engine running, he slipped out of the van and made for the bin-bags. He tip-toed up the gravel path trying to make as little noise as possible. The bags were to the right of the front door. He stooped down, picked up two of them and carried them quickly back to the van. As he crept up the drive a second time, the low growl of a dog disturbed the silence. Reilly doubled back quickly towards his van with another sack over his shoulder, hoping the animal would not start barking.

Reilly heaved the three sacks into the back of the van. The dog started barking as Reilly clambered back into the driver's seat. He threw the engine into gear and accelerated away. The job had taken him less than three minutes.

Reilly's heart pounded as he drove. The barking dog worried him. When he was clear of the house, he pulled the van into the side of the road. Slipping quickly into a different jacket and pulling a baseball hat firmly down over his head, he walked back to the scene. He was concerned that the incident might have caused a disturbance, and that he might have been spotted. He walked past the house twice, searching for any sign of a commotion, any indication that he had been spotted. Nothing stirred.

The following morning, Reilly braced himself before inspecting the contents of the sacks. As normal, he emptied the garbage onto a plastic sheet in his garden. Sifting through the trash, he carefully separated out documents, magazines, credit-card slips, train tickets, letters and even tiny scraps with scribbled notes or phone numbers from the rest of the trash. As he uncreased an envelope Reilly became aware for the first time that the owner of the rubbish was a Mr Roger Eglin. The name meant nothing to him.

When Reilly went back into his house there was a message waiting for him on his answerphone. It was the voice again. It instructed him to repeat his rubbish run the following week.

The next day John Reilly's wife woke him at seven o'clock. A policeman was at the front door. Detective Constable Johnnie Elfed from Twickenham CID told Reilly that some rubbish sacks had been removed from outside a house in Teddington in rather odd circumstances. The gaunt young policeman asked if he could step inside and discuss it. John Reilly looked at him in astonishment.

Oxford. 14 March 1992

Richard Branson sensed a trap. He had just taken a call from Frank Kane, a reporter on the *Sunday Telegraph*. Quoting an anonymous but 'reliable' source, Kane told Branson that the source claimed Virgin Atlantic had employed private detectives to spy on British Airways in its 'dirty-tricks' war with the national carrier. Kane said the source had told him that agents working for Virgin were bugging the telephones of key members of the British Airways board of directors as part of a highly sophisticated undercover campaign against BA.

Branson interrupted the reporter frequently to check names and details. He jotted all the claims down in his diary.

Virgin has employed private investigators to spy on BA.

The investigators are called International Investigations - [G].

[Virgin] has been tapping BA people's phones for the last six months.

The detectives were employed for Virgin by Goldman Sachs [a merchant bank used by Virgin].

As he replaced the receiver Branson noticed his hand was shaking. Virgin's chairman had good reason to be shocked by what Frank Kane's source had told him. Branson didn't tell Kane that only two days earlier he had, indeed, been

listening to an illicit recording of a phone call between two of the most senior members of the British Airways board, Sir Colin Marshall, and his powerful right-hand man, Robert Ayling. Marshall and Ayling were considered throughout the airline industry to be the second and third most influential men at BA after Lord King.

The tape had arrived anonymously at Virgin Atlantic's Crawley headquarters the previous week in a brown Jiffy bag. After marketing manager Chris Moss had listened to it, he immediately alerted Branson. Two days later, the *Sunday Telegraph* was tipped off about an alleged Virgin undercover operation against BA involving phone tapping.

Richard Branson and his lawyer, Gerrard Tyrrell, spent the remainder of an extremely tense Saturday trying to get the *Sunday Telegraph* not to run the story. The newspaper was bombarded by calls from Branson's weekend retreat in Oxfordshire and from the London-based Tyrrell. Branson finally received an undertaking that the story would not run after Tyrrell threatened the paper with instant legal action if they printed the allegations.

Now, a relieved Branson tried to recall every detail of the very mysterious forty-eight hours that had just elapsed.

The tape had arrived in an envelope addressed simply to 'Virgin Atlantic'. Like other miscellaneous mail, it found its way into Chris Moss's in-tray. There it remained for nearly a week. Assuming it was one of the thousands of unsolicited music tapes for Richard Branson as chairman of Virgin Music, Moss finally slotted it into his office tape player as he opened the rest of his correspondence.

Hearing two men calling each other 'Colin' and 'Bob' on his speakers, Moss thought someone was playing a practical joke and carried on sorting his mail. Then he heard the two men discussing the letter Branson had written to BA the previous week, and a television programme about the dirty-tricks affair. He studied the Jiffy bag for clues as to who had sent it. The smudged postmark revealed that it had been

sent on 4 March from London NW2. There was nothing at all to indicate the identity of the sender.

Moss swiftly decided the tape was not a hoax and drove immediately from Crawley to his boss's home in London's Holland Park. Sitting in Branson's front room surrounded by dozens of model aeroplanes and pictures of Branson's family, the two men listened intently to the tape with growing astonishment.

It began routinely. Sir Colin Marshall and Robert Ayling were discussing a management conference they had attended at Chewton Glen, a sumptuous hotel set in wooded grounds in the New Forest in Hampshire.

Marshall's voice sounded tinny, as though he were speaking on a mobile phone. Between crackles of static and 'data bursts' – barely audible squeaks carrying billing information – Branson could make out their conversation clearly. They were talking about him.

'I think the whole thing is just scandalous and now we've got this two-page letter from him, I gather,' said the chief executive.

'Yes, it came in addressed to you on Friday and was copied to the rest of the board and I've got my copy,' said Ayling.

'It was copied to the rest of the board, was it?' asked Marshall.

'Yeah.'

'Oh. The chairman was complaining last night that he hadn't received his copy.'

'No, it's copied to the rest of the board,' confirmed Ayling.

Branson knew immediately what the two men were talking about. The letter Marshall and Ayling were discussing was his ultimatum. He had written to Marshall threatening to take BA to court unless it stopped trying to put Virgin Atlantic out of business by a series of 'dirty tricks'. Branson had aimed his latest salvo at the chief executive because his relationship with his rival chairman, Lord King, had deteriorated to such an extent that the two men no longer communicated.