

The
Fairy
Tale's
Over
for the
Kingdom
of Brunei

PRINCE BILLAH

THE SULTAN

QUEEN SALEHA



QUEEN MARIAM

PRINCE CHARLES

A royal lineup in 1996, at the Sultan's 50th-birthday extravaganza

Forget anything you've read about the Sultan, his spendthrift brother, and those missing billions. If you don't, you'll never wrap your mind around the real story. . . .

BY RICHARD BEHAR



THE OUTCAST: PRINCE JEFRI

I lit the \$400 cigar, a "1492" from Cuba, and tried to imagine a life filled with boundless wealth—with 30 houses spread around the world, a mistress to go with my four wives, countless serfs and lackeys, plus a superyacht called *Tits*. The cigar was a gift from Prince Jefri Bolkia of Brunei to one of his top advisers, who had urged me to smoke it. And why deny myself? An hour earlier, at the prince's heavily guarded London estate, I'd become the first journalist ever to interview the 44-year-old prodigal playboy, whose older brother, the Sultan of Brunei, was—

THE BRUNEI FOLLIES

until Bill Gates came along—the richest man on the planet.

Prince Jefri—“P.J.” to his pals—had squeezed me into his schedule just hours before setting off for Brunei. His impending flight marked the end of five months of self-imposed exile and the beginning of a confrontation with the Sultan that would either restore order to the tiny monarchy or change it forever. The prince’s advisers were begging P.J. not to board his jet. They feared his encounter with his brother (known in his circle as the “Big One,” despite his small size) could lead to his imprisonment or even his death. But Jefri was optimistic. Besides, he was longing for a game of polo or badminton with the Sultan at the 1,788-room royal palace—a gilded, domed, art deco monstrosity, the world’s largest private residence, bigger than the Vatican.

I inhaled slowly, trying to make the cigar last forever, and reflected on one of the strangest interviews of my career. Jefri had acted as though he’d just been exposed to some kind of cognitive kryptonite: words, gestures, facial expressions—he reduced all of them to gibberish. Now I understood the warning I’d gotten beforehand. “You’ll never be the same” after meeting the Bolkiah brothers, one of P.J.’s aides had told me bluntly. “They don’t have a lot of thoughts. Jefri is the brightest, but everything is relative. There’s been a concerted effort to keep people like you away from people like them. And it’s not because they’re busy.”

It may be true, as the saying goes, that absolute power corrupts absolutely. But throw absolute wealth—plus an unhealthy measure of inbreeding—into the mix, and the depravity gets downright entertaining. Officially Brunei is known as the “Abode of Peace.” But insiders know it’s not about peace. It’s about oil—and money—flowing through the hands of a family so unhinged that they seem utterly incapable of managing it.

A Delaware-sized nation carved from the disease-ridden rain forests of Borneo, Brunei has pumped nearly two billion barrels of crude from the ground since Shell threw open the taps in the 1970s. The resulting wealth led to what’s been dubbed the “Shellfare state”: free health care, free education, and—thanks to an oil and gas sector that supplies 90% of the government’s income—no personal income taxes. Brunei’s \$25,000 in per capita income is among the highest in Asia (although the true figure is doubtless much lower when you factor out

the royals). More than half the working population is employed in the public sector, where they push paper for five hours a day.

“I’m trying to think of a place that’s duller,” says Charles Arthur, an Australian-born writer who has spent the past six years in Brunei. “Maybe a British village in mid-winter.” But if life is a dull affair for the average Bruneian, the same can’t be said of the folks pulling the strings behind the 600-year-old unbroken Malay dynasty. All that money has transformed the royal family into a Muslim version of the *Beverly Hillbillies*, complete with a fleet of private jets, a garageful of Rolls-Royces, and a weakness for their own first cousins. For decades, the House of Bolkiah has kept its pro-



BRUNEI

A slice of disease-ridden rain forest, carved from the island of Borneo

clivities hidden from its 300,000 subjects, who live without political parties or a free press. However, a rift between the three brothers who are fit enough to function—Hassanal (the Sultan), Jefri, and Mohamed—is threatening to part the curtain.

By most accounts, the view backstage is pretty bleak. Thanks to the Asian economic crisis, a collapse in oil prices, and decades of mindless spending, the Sultan has watched his fortune shrink by as much as half—from a high of roughly \$40 billion just a few years ago, according to a well-placed source who claims to have seen financial records. Casting about for a villain, the royals woke up last summer to discover that since 1993, Jefri had been using funds from the government’s main investment arm—the Brunei Investment Agency, where he had served as chairman—to make numerous private pur-

chases, including such swank assets as Asprey of London, the “Queen’s jeweler.”

Jefri doesn’t bother to deny dipping into the cookie jar and insists he was merely following a family tradition. Maybe so, but he now stands accused—if not yet formally—of squandering and even looting “billions” from the country’s treasury. Government agents have seized as much as \$2 billion of Jefri’s domestic holdings, ranging from a cellular-phone system to an electric power station to one of the most expensive resorts ever constructed. And the dispute has erupted into a virtual holy war, with physical threats, private eyes, frozen bank accounts, sex scandals, and enough mud to slide the entire kingdom back into the jungle. In September, when I visited Brunei, more than 200 accountants and staffers from Arthur Andersen and KPMG were feasting on the wreckage.

The Brunei crisis, however, is more than a tale of unbridled spending. It is also a bizarre story—often veering into farce—about a decades-long rivalry among the three brothers, a feud that often seems more concerned with politics and the settling of old scores than with any actual financial crimes. As one of Jefri’s aides explains it, “You’re basically dealing with a little medieval kingdom, a little medieval court, which goes back to brother against brother, to the power struggles you’ve read about down the ages, whether in Florence or Venice or anywhere else. That’s life. Times don’t change.”

Indeed, the Shakespearean plot lines are hard to miss. In 1968 the Sultan—then just 22—inherited the throne from his increasingly addled father, who’d been hustled into early retirement by his British overlords. Some years later Hassanal, the new Sultan, became smitten with an airline stewardess and decided to make her his second wife. (He, like his father before him, was already married to one of his first cousins.) The old Sultan was furious and until his death in 1986 refused to accept the commoner into the family. Mohamed, convinced he would have made a better ruler than his slightly older brother, had bitterly resented his father’s choice of heir. Nevertheless, faced with Hassanal’s affront to the family, Mohamed—a pious, conservative Muslim with only one wife—sided with the old man. Jefri—who enjoys four wives, the most allowed under Muslim law—cast his lot with the love-struck junior Sultan.

In the years that followed, Mohamed apparently grew jealous of Jefri’s friendship with the Big One. The two drove sports cars and played polo and badminton

PREVIOUS PAGE: GROUP PHOTOGRAPH BY TIM ROOKE—REX USA; PORTRAIT BY CHANCELLOR—ALPHACLOBE; THIS PAGE: FORTUNE MAN; OPPOSITE: S. DUKANOVIC—CAMERA PRESS



P.J. AND THE BIG ONE

*Before the fall: the brothers Bolkiah
at polo's Asprey Cup in 1996*

THE BRUNEI FOLLIES

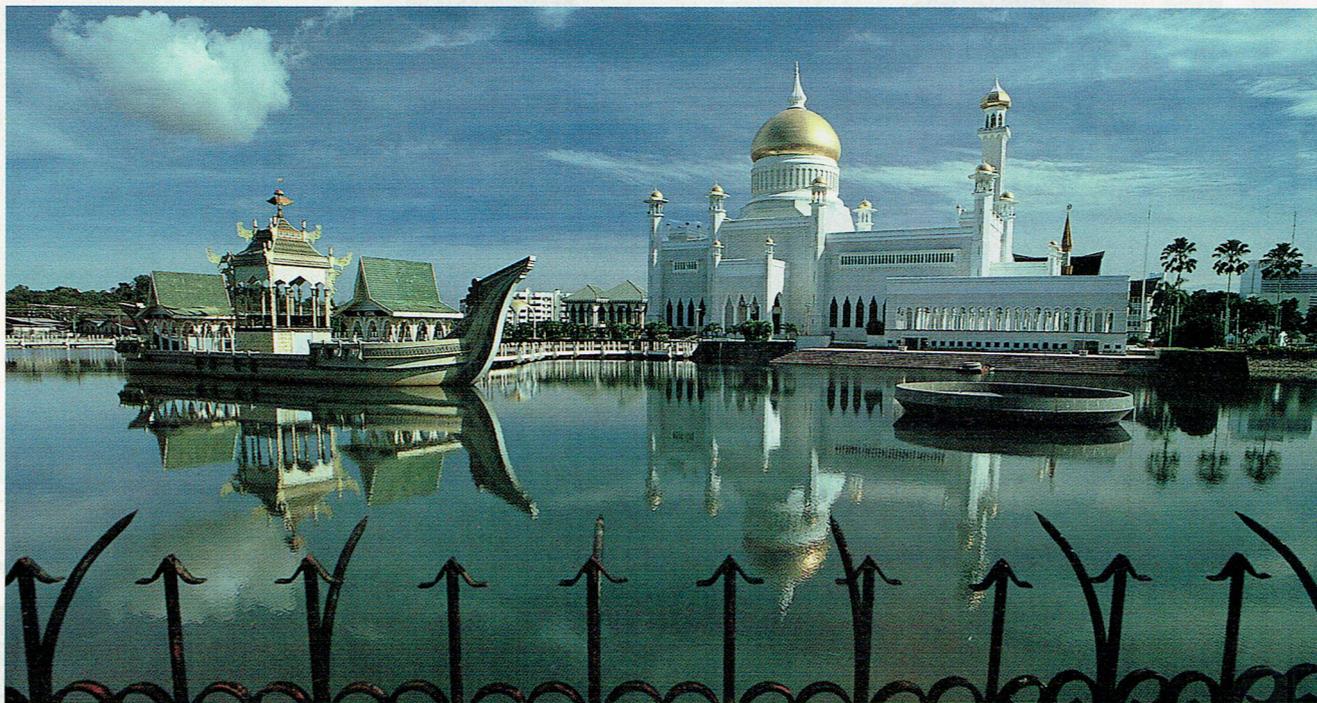
together in Brunei, while away from home they indulged similar playboy appetites. Mohamed, in contrast, was short on fun and long on prayer. To make matters worse, in the mid-1980s he was also a prominent shareholder in two major corporations in Brunei that suddenly collapsed, causing the Sultan considerable embarrassment. The failures weren't Mohamed's fault, but P.J. seized the chance to make some political gains. "Jefri drove the needle fiercely into Mohamed and made

Brunei with \$8 billion. None of those reports appear to be true. But sorting fiction from fact—never mind getting sources to allow their names to be published—turns out to be next to impossible when writing about this murky monarchy, where the release of even incidental financial data can land a minister in prison.

Over two months I flew to three countries to meet top aides to Jefri, the Sultan, and Mohamed. (I even hooked up briefly with a private eye named John Quirk; for an

biggest fortunes was spent in the shortest amount of time."

If they haven't quite pissed it all away, it hasn't been for lack of trying. In 1984, Brunei became completely independent of Great Britain; three years later, FORTUNE crowned the Sultan the richest man in the world. He and P.J. have been celebrating ever since. They bought 17 aircraft, plus 2,000 luxury cars, which they keep in a climate-controlled garage. (Until recently the Bolkiahs were the world's biggest pur-



MUHSIH AHMED

him look worse in the eyes of the Sultan," admits one of Jefri's top advisers. Thus alienated from the throne, Mohamed stewed, awaiting his moment. It would be more than a decade before it came.

My assignment for FORTUNE was to find Jefri, who was reported to be "hiding" in either Paris or Switzerland following the meltdown back at home. (In fact, the prince and a female assistant were enjoying their weekends at St. John's Lodge, his London estate where we would eventually meet. For a change of scenery they were spending their weekdays secluded in a \$5,000-per-night suite on the 51st floor of Manhattan's New York Palace hotel, which Jefri owns.) I was also, if possible, to trace the money trail. One business magazine had described Jefri's private empire as collapsing under \$10 billion in "debts"; another publication spoke of \$16 billion in "losses"; still another had Jefri absconding from

OMAR ALI SAIFUDDIEN MOSQUE

Brunei's "old mosque," built in 1958, is one of Asia's most spectacular.

account of how he tried to con me, see the following story.) My first stop was to see a team of Jefri's advisers at another of the prince's grand hotels, the Plaza Athénée, in Paris. Security outside the building was tight. In the hotel's courtyard and over fine food, red wine, and an endless supply of Cuban cigars, the advisers explained that I could never reveal their identities, that Jefri had never met with a reporter in his life, and that it was unlikely I would ever see him. One aide said his own family had been "threatened" by an adviser to the Sultan, who had demanded he abandon Jefri's cause. "These people won the biggest lottery in the world," said a second aide. "And they've managed to piss away more money than most men can dream of. Your story is how one of the world's

chasers of Rolls-Royces.) They each own a 152-foot yacht (Jefri gets perplexed and offended when anyone criticizes his decision to call his *Tits*). When traveling abroad, the Big One whizzes around in a 747 built to carry 420 people; one of his wives has been known to tag along in a jet that seats 150. Not long ago the Sultan gave one of his daughters an Airbus A340, in her favorite colors, for her 18th birthday. (Not surprisingly, the hair-shirted Mohamed flies commercial.)

Nor does it end there: The Sultan owns a Renoir that he bought in the mid-1980s for \$70 million—then a world record for a painting. Jefri, meanwhile, once held the record for jewelry, with a \$10 million necklace. Two years ago, when the Sultan turned 50, he threw himself a \$17 million bash that featured *three* concerts by Michael Jackson; Guinness called it the most lavish birthday party ever held. Not to be outdone, Jefri is building the biggest private residence in Las Vegas—at 149,000 square

feet. "With their money, they could have cured diseases," says one of Jefri's advisers. "But they have little interest in the rest of humanity. They make purchases for their own edification. They get their jollies for about 30 seconds at a shot."

And nothing jollies them up like a bit of sport. To learn golf, the royals once flew in Jack Nicklaus. When P.J. and the Big One feel like playing polo, they are fond of flying in the world's top players from Argentina. ("By a miracle, the Brunei team always won," recalls a visitor to a few rigged matches in 1997, adding that the surrealism was heightened by a public address system frozen on the Sultan's every move: *His Majesty has the ball! His Majesty is running downfield with the ball! An amazing strike by His Majesty!*) Similarly, when Jefri's son Hakeem wanted to learn football in 1994, the NFL's Joe Montana and Herschel Walker were given a seven-figure incentive to teach him. They realized they had their work cut out for them when Hakeem and his posse showed up in full football regalia, the young prince towing a valet assigned to tie his shoes. Hakeem, weighing in at about 300 pounds, also had a hard time catching the ball. Fortunately, no one dared tackle a member of the royal family, so he managed to take handoffs from his teammates, then waddle downfield for an easy touchdown.

When the Sultan and Jefri visit foreign cities, they take an army of butlers, cooks, confidants, playmates, and hangers-on. "Even the entourages have entourages," says one source close to the court. Records from one North American hotel in 1995 show the Sultan's party using more than 100 rooms in four days, racking up a bill that topped \$1 million. Generally, the royals rent entire floors of hotels and don't venture downstairs until checkout day. "If you were a fly on the wall and heard their conversations, they'd take *you* to Bellevue," says one of the Prince's top aides, who has become increasingly cynical. Jefri himself stays regularly at his Palace hotel in New York City (he also owns the Bel-Air in Los Angeles), but he's never toured the property, let alone the city. Stores such as Versace and Armani have been known to set their entire inventory in a hotel function room, then wait to be called upstairs. "As long as there was adequate BSG—what I call begging, sniveling, and groveling—they would buy anything," says the aide. "If they liked a particular suit, they'd buy 100 at a clip, all in the same color. I could outfit entire countries with

the clothing bought by the family."

All of which makes it pretty hard to swallow the party line now coming out of Brunei—namely, that Jefri lies at the root of the kingdom's troubles. As one of the Sultan's spokesmen in London took pains to explain to me, Brunei is a "happy country" with "prudent fiscal management" and "one of the most stable and vibrant economies." But *Jefri*, he said, his voice a cartoon of disapproval, is "a man whose lifestyle has proved to be rapacious."

Mohamed had come to see Jefri not only as a personal threat but as a national one.



PRINCE MOHAMED BOLKIAH

After more than ten years of alienation, his time may have come at last.

One of the first things a visitor to Brunei discovers is that Prince Jefri is capable of more than shopping. "Jefri is not a humanitarian, but he felt an opening up was needed if Brunei is going to survive in the world," says a top aide. "He felt there needed to at least be an appearance of popular participation." In an effort to liberalize the fiefdom, Jefri beamed satellite TV into Brunei, along with his favorite hip London radio station. ("I'm horny, horny, horny!" a pop star sang on the radio one morning—moments before the call to prayer filled the street outside.) He contributed a Western-style school, a modern hospital, and a Disney-like amusement park. He built an \$800 million resort, still unfinished, that he

hoped would become a magnet for tourists. And in what may have been the final break in their relationship, he beat out his brother Mohamed with a bid to modernize the country's telecommunications network.

Mohamed's dislike of Jefri had been fermenting since at least the mid-1980s. But in recent years he had come to see his brother not only as a personal threat but also as a national one—a fear shared by Brunei's Education Minister, Pehin Haji Abdul Aziz, the country's most powerful conservative. As it happened, two scandals would come along and annihilate the monarchy's reputation in the foreign press, leaving Jefri exposed and isolated.

The first erupted in 1997, when an American beauty queen sued Jefri and the Sultan, charging that she had been lured to Brunei, drugged, and held captive in an attempt to turn her into a palace sex slave. "Heidi Fleiss was Snow White compared to what's going on here," exclaims the woman's lawyer, David Jaroslawicz. "They were tired of the professionals. The game was to find nice girls and turn them into whores." While there are reasons to question his client's account, and while the royal brothers have been severed from the suit thanks to diplomatic immunity, the case did reveal—at a minimum—that some of Jefri's friends and underlings were wildly out of control. Dozens, perhaps hundreds of foreign women had been paid vast sums to wiggle, giggle, and guzzle Cristal in private discos—in a land where alcohol and even most nightlife is taboo. And it seems some of the women were willing to serve as more than just pretty ornaments. The media orgy that followed raged for months. The bill would eventually land on Prince Jefri's doorstep.

The second blow to P.J. came last February in what was billed as the most expensive civil case in English history. A pair of Syrian-born brothers sued Jefri for renegeing on two real estate deals; the prince countersued that he'd been fleeced for more than a decade by a pair of unscrupulous hustlers. The case was eventually settled, but not before revealing how P.J. and the Big One had shelled out roughly \$1 billion for hundreds of luxury items that the Arab traders—Bob and Rafi Manoukian—had marked up by 100% to 600%. Jefri, for example, had paid the Manoukians \$5 million for ten luxury watches—set with precious gems—that showed a man and woman copulating mechanically on the hour. A set of louche pens, also featuring a copulating couple, had been crafted in white gold. "You could sell Jefri anything," sighs one of P.J.'s attorneys.



PHIL DRAPER—BIG PICTURES

“All you had to do was tell him it was good. Do you think he could tell what is good and what is bad taste? On what basis?”

Jefri’s lawyers argued, in essence, that their client was just a rube from the rain forest, a sucker too out of touch to notice the markups because the Manoukians had posed as close friends. “The Sultan and Jefri cannot tell the difference between a friend and a sycophant or a person who is trying to sell them something,” says a member of the legal team. “They have no way to judge. The only real friends they ever had were each other.”

Back in Brunei, Mohamed and Aziz, the conservative minister, had seen enough. In May, two months after the Manoukian case was settled, Bruneian authorities began freezing the domestic assets of Jefri’s 27 local companies, known collectively as Amedeo (as in Amedeo Modigliani—P.J. owns several of the painter’s works). Conveniently, both the Sultan and Jefri were overseas at the time, but when the Big One returned, “Acting Sultan” Mohamed, who serves as Brunei’s Foreign Minister, explained that Amedeo had collapsed under the weight of its own excesses. Jefri’s camp insists otherwise: “The company had \$100 million to \$200 million in trade payables currently due, and there were adequate funds to pay it,” says one of his advisers. “There was no debt and no sign of deterioration. The collapse was forced upon it.”

In the wake of that collapse, Brunei has begun to feel like a screwball Hollywood comedy. “What you have are three children in a schoolyard fighting over whose piece of chocolate belongs to whom,” says a former attorney for the Sultan who remains close to the fireworks. “It’s Moe, Larry, and Curly. There is no realism.”

The Sultan put Mohamed in charge of

THE PRINCELY YACHT

Prince Jefri can't imagine why anyone would object to his yacht's name.

fixing the economy, while Aziz was given the helm of a task force assigned to investigate Jefri’s spending at the Brunei Investment Agency (BIA). The Big One then seized nearly \$2 billion in Amedeo’s assets and issued an after-the-fact “emergency order” giving him the right to seize private companies. When Brunei’s Law Minister, a friend of Jefri’s, objected, the Sultan promptly abolished the minister’s post. “I guess when you have the magic wand, you can do those kinds of things,” says a Western ambassador close to the scene.

Actually, states of emergency are standard procedure in Brunei. In 1962, British troops helped the Sultan’s father crush an uprising by a tiny group of leftists who wanted to do away with the monarchy. An emergency was declared, a nascent legislature disbanded, and whole sections of the country’s constitution suspended. That ended Brunei’s brief flirtation with democracy. It also ended any threat of violence, then or since. Nevertheless, the current Sultan renews the “emergency” every two years. “Constitutionally, Brunei is somewhere in the early Tudor period, between Henry VII and Henry VIII,” says Al Troner, managing director of Asia Pacific Energy Consulting. “They’ve started down the road to a real government, but they’re moving damn slowly.”

By the time I arrived in Brunei, in mid-September, the conservatives clearly had the Sultan’s ear. Gone were the pleasure domes and the palace discos, as well as the “special tea” (read: beer) once served

quietly in Chinese restaurants. A nervous jeweler told me he could no longer openly display his crosses and Buddhas following a recent series of raids by the government’s religious-affairs police. Gone, too, were the armies of precious-gem salesmen who, for the benefit of the royal family, used to transform the local Sheraton into a virtual jewelry convention. When I checked in, the hotel was instead crawling with boyish accountants from KPMG, flown in to investigate the BIA. A second team of numbers cops from Arthur Andersen were holed up just down the road; their job was to serve as the new managers of Amedeo. “Those poor Western accountants won’t even know where to begin,” one of Jefri’s aides had laughed. “When you have no walls between what is state money and what is family money, it just gets used.”

So it would seem. The BIA’s 1984 charter describes it as an investment arm for the “government.” But of course the government is an absolute monarchy—it can do what it pleases, such as hand out three-year prison terms to anyone disclosing BIA’s affairs. “We don’t probe,” concedes Rex deSilva, editor of the *Borneo Bulletin*, which bills itself as “the independent newspaper in Brunei,” despite the fact that Mohamed’s family controls it. “Whose money is BIA’s has not been clearly defined, and you won’t be able to answer it.” Hoping to prove deSilva wrong, I tracked down an ex-BIA official, Sheikh Jamaluddin, now the country’s tourism chief. “Sheikh Jimmy” was funny and up-front about the Herculean task of luring tourists to Brunei, but when I turned to BIA’s true ownership, his face changed color. “I don’t want to give you the wrong impression,” he said, “or I’ll be history.”

However, if no one can say for certain—at least not publicly—to whom BIA’s money

belongs, there's no question who is being accused of stealing it. Not long after I arrived, KPMG announced it was examining the agency's outflows starting with 1984, the year BIA was chartered. But FORTUNE has obtained an internal government memo marking the probe's real initiation date as 1992. The distinction is significant: Jefri's biggest shopping spree began after 1992, while evidence exists that other officials may have dipped into the coffers in prior years. For example, an internal BIA document shows a \$149 million transfer in 1990 to Mohamed Al Fayed, the London businessman long suspected of being a front for the Sultan. (Fayed is the father of Dodi, who perished in the car crash with Princess Diana.) In addition, a "confidential" 1993 letter from BIA's managing director refers mysteriously to two cash "transfers" totaling more than \$11 million that were paid to his predecessor in 1990 and 1991. According to the letter, the transfers were made for a purpose "known only" to the recipient—who, as it happens, was just made a deputy on Aziz's task force probing BIA.

It's hardly shocking that in a country like Brunei, a once-favored prince could fall from grace so quickly. That fact is proof of little more than the Sultan's short attention span. Unfortunately, the Big One, like Nero, may ultimately torch his entire kingdom. For Amedeo's demise has done no less than wreck the economy. The firm had employed as many as 20,000 people, mostly Thai construction workers, who suddenly found their work permits revoked. Given Brunei's population, that's like booting nearly 20 million workers out of the U.S. "Arthur Andersen is there to destroy the company, not help it," charges Wayne Tempero, an ex-Amedeo executive who says he had many fights with the accountants. "They are so intent on investigating that nobody is working. They were never even given a brief of what Amedeo consisted of or what it did." Tempero says he "barely escaped" Brunei in early September after the head of the secret police—improbably named Major Muslim—threatened to put him in prison. "They accused me of shredding," says Tempero, who denies any wrongdoing. Strangely, the accountants haven't even bothered to interview Danny Wong, who ran Amedeo for Jefri. "I'm in the phone book," says Wong, who lives and works in Singapore. "Nobody has called me."

But Jefri's forces recently scored a brilliant counterpunch that could eventually send every accountant packing. In mid-September, P.J. won an injunction from a Lon-

don judge against KPMG, the team investigating BIA, on the grounds that the firm had been double-dealing. KPMG had had access to Jefri's financial records while helping him in his legal battle with the Manoukian brothers—how could it then turn around and act against its former client? KPMG argued that a "Chinese wall" within the firm could keep the two investigations separate. But Britain's highest court, the House of Lords, recently ruled against KPMG. The case will likely transform Britain's accounting profession. It also brought the BIA probe in Brunei to a

hotels are very successful, thanks to the management teams he has in place. But his 1995 purchase of Asprey, the English jeweler, for \$385 million—nearly twice its market value at the time—was a disaster. Jefri apparently had never considered that the royals themselves had been Asprey's best customers. Once you factor out their business, what earnings multiple did Jefri pay? "Do you own a Cray computer?" asks an Asprey executive familiar with the deal. The company has been hemorrhaging money for two years and is now being restructured.

Jefri's dubious touch extended to his Brunei projects as well. Consider his Jerudong Park, possibly the world's largest free amusement park: There are cascading fountains, lush gardens, Italian-marble walkways, state-of-the-art roller coasters, and nonstop rock & roll. But where are the people? In a country where half the population is under 20, most of the time there aren't enough visitors to activate the rides. Jefri is trying to sell excitement to a nation of narcoleptics.

Across the highway sits Jefri's even emptier Jerudong Park Hotel—a 600-room, \$800 million compound that features a saltwater lagoon, a Nicklaus golf course, eight swimming pools, nine restaurants, and the world's biggest atrium. There is 24-karat gold-leaf detail throughout the hotel, and gold-plated fittings in every bathroom. The place was intended to be used, at least in part, for palace functions. But from a purely commercial standpoint, "at \$500 per night and a 90% occupancy rate, it would take 60 years for them to get their money back," says one hotel expert who has analyzed the project.

By all accounts, Jefri's worst move was to install his son Hakeem—a man who knows even less about business than he does about football—as the managing director of Amedeo. While I was in Brunei, one persistent rumor had the 25-year-old Hakeem under house arrest. This, it turns out, was a simple misunderstanding: "Hakeem can leave Brunei anytime he wants," laughs a source close to the court. "But he wouldn't know how to pick up the phone and take a commercial flight. So he probably feels trapped."

However conspicuous P.J.'s failings may have been, it's hard to avoid the feeling that fiscal responsibility is *not* what's driving the campaign against him. And sure enough, in mid-September, just one day after Queen Elizabeth ended a visit to Brunei and six days after Jefri won his injunction against KPMG, Aziz gave a rare briefing at a local university.

Invoking God five times, he warned the citizens of falsehoods told in foreign media.



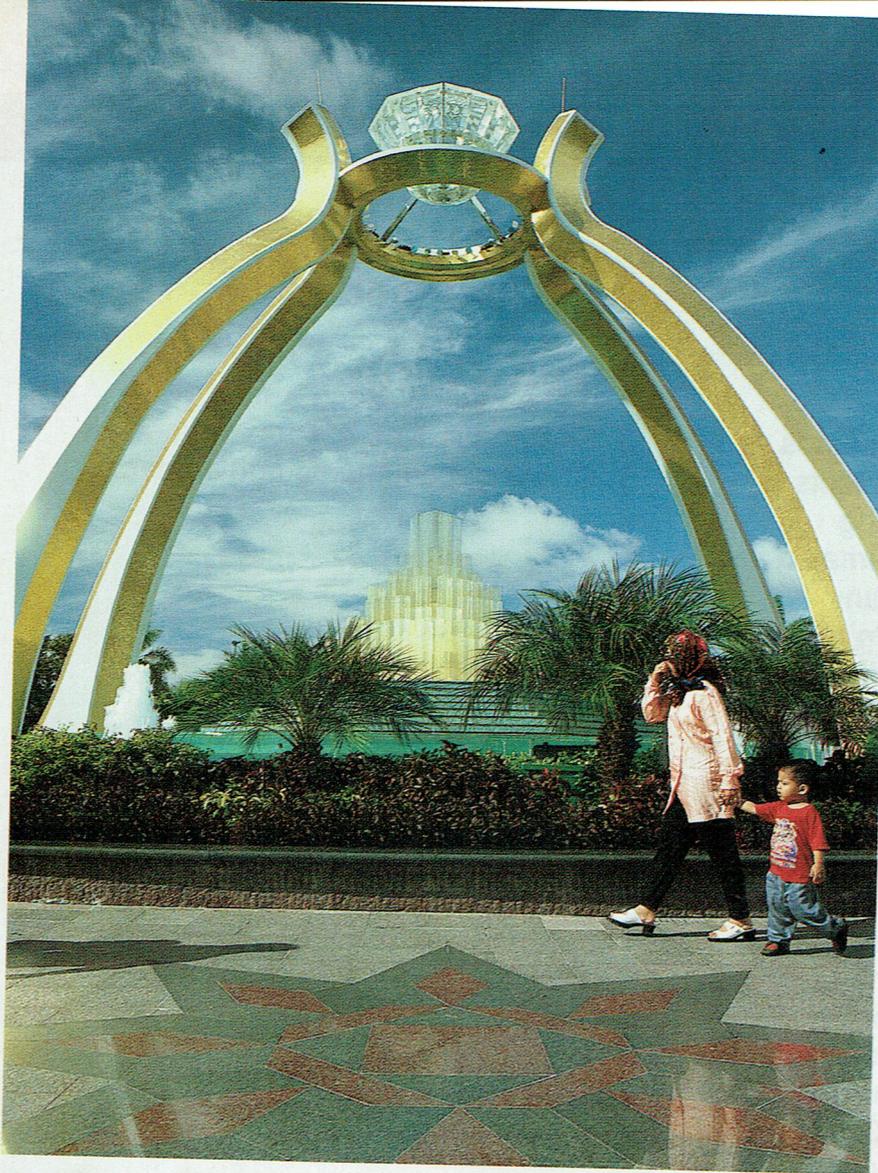
PEHIN HAJI ABDUL AZIZ

His influence at court has eclipsed Jefri; the Sultan himself may be next.

dead halt. Now Jefri's lawyers are considering suing Arthur Andersen on the theory that all of its interactions with KPMG make it equally "tainted."

Furthermore, Jefri's advisers raise the following reasonable questions about the case: If Jefri is a crook, they ask, would he have been dumb enough to use KPMG, the longstanding auditors for the BIA, in his earlier battle against the Manoukians? Would he have kept his personal and corporate accounts at Citibank in Brunei—the same bank used by the BIA? "Jefri wouldn't know how to steal," says an adviser. "He has no sense of what money is worth."

That much is obvious just based on his track record as a businessman. His foreign



MUNISH AHMED

JERUDONG PARK

A couple of rare visitors enter Jefri's failing amusement park.

Aziz warned the citizens to beware of falsehoods told through the foreign media. He invoked the name of God five times and declared that his investigation of BIA was being conducted "solely for the sake of Allah the Almighty." More specifically, he announced that the "misappropriation" of BIA's funds through Amedeo had been done "not only without His Majesty's consent but also entirely without the prior knowledge of His Majesty."

In London, Prince Jefri read Aziz's comments with alarm. In fact, those words lay behind his decision to end his "exile"—to fly to Brunei to warn his brother that he was being painted as a fool. After all, the Big One serves not only as the Prime Minister but also as Defense Minister, Finance Minister, Superintendent of Police, chancellor of the national university, and supreme leader of the Islamic faith. He appoints all of BIA's directors, and he has the agency's books audited every year by KPMG. If crimes were being committed right under the ruler's nose, what did that say about his ability to rule? "Jefri could see the beginnings of a setup against the Sultan," says

one of his advisers. "He was ready to have it out with the Sultan and say to him, 'Do you realize where this leads?'"

It may lead down a trail blazed—however unwittingly—by the Sultan himself. Last year the Big One's two wives were fighting, as rival queens must, over whose son would be named heir. The prize eventually fell to the 24-year-old Billah, the Sultan's eldest son by Queen Saleha, his first wife. Billah was crowned in an elaborate public ceremony in August. But there's one problem: Jefri's advisers contend that Billah "can't walk and chew gum." Like his father, the visibly dimwitted prince is a product of first cousins, and he suffers from diabetes, poor eyesight, and God knows what else. The ascension of this less-than-convincing figurehead, the advisers warn, could be welcomed by conservatives such as Aziz—who, they suspect, are angling either to install a puppet or to topple the monarchy.

"If you are looking to knock out the royal family, Billah is your man," says one of P.J.'s aides. That kind of thinking could just be a function of spending too many hours lounging around the Plaza Athénée. Then again, plots against kings have a long and colorful history. Indeed, the foundation of most republics covers the bones of monarchy.

More than one Western diplomat agrees that this could be a pivotal moment for the kingdom: "Aziz has lots of influence and is building a power base," says one. "It's possible Jefri was going too far too quickly and too arrogantly.... It's even been rumored that Mohamed may take over as Prime Minister."

I'd been informed by a spokesman that Mohamed was "not very keen" to meet me. In fact, I was told no interviews with government officials would be granted to FORTUNE. As for Crown Prince Billah, the Sultan's spokesman in London assured me, he is "bright, diligent, serious," and perfectly fit to rule, while the Big One "is much more in charge than he might look in appearance." Aziz, he added, "is a believer in the sultanate."

The closest the spokesman could get me to the Sultan himself was one Yusof Sepiuddin, a vague, quasi-ambassadorial figure stashed away inside the Big One's diplomatic residence in London. One of Jefri's aides had told me Yusof "speaks to the Sultan every day. He knows the innermost secrets of everything." Perhaps, but when I spoke to the man, the experience only underscored the absurdity of the place. He demanded that I reveal where I'd gotten his phone number; when I declined, he told me to deliver the source the following message: "Never mix politics with the real thing. This is dangerous!" He warned that he would pay me a visit in the future if I misquoted him. "I'm not threatening you, but if anybody lied to me, I will give them a slap," he said. "Are you scared of that?"

Just after my return from Brunei, I met Yusof in the flesh. He was short, owlish; a security monitor on his desk threw a Mephistophelean glow over the office. After reminding me that I was on "diplomatic soil," Yusof opened a mouth full of crooked teeth and let fly with a series of evasions, contortions, and non sequiturs that would have done the royals proud. The conversation drifted to the question of why it was so hard to get any officials in Brunei to talk with me. "We're busy, but you don't understand the word 'busy.' You wanted to go to Brunei, eager beaver." But isn't that how a free press operates? "That's like saying if I punch you in the face, this is freedom."

Yusof defended his country's censor board ("When stories are unfounded, why should they be allowed in?") as well as his government's state of emergency ("We haven't had any elections—so what?—the people are happy"). On the split between the Sultan and Jefri: "I do know there are a little bit of conflicts here and there—whatever I read in the paper.... This is none of our business. If you have a fight with your wife, what do you think, you should ask me?" Even getting him to say what he does for the Sultan was next to impossible: "If there's a message, I pass it on." Does that make you a messenger? "It's up to you how you label me—a messenger, a full messenger, a high messenger—I don't give a shit."

It turned out that as orators go, Yusof was a regular Cicero compared with Jefri. Two weeks later, at the end of September, P.J.'s suitcases were packed and we were sitting together at his palatial estate, deep inside London's Regent Park. Jefri had dressed casually in sneakers, blue jeans, and a black polo shirt. He's a slightly built man, far more handsome than the clock-stopping Mohamed, and while his English is very good, his aides did much of the talking. The prince—flanked by a \$160,000 pair of solid-gold tissue dispensers—spoke less in sentences than in syllables. He giggled and glared and cocked his head as if I'd just fallen through the roof in a full suit of armor.

"Jefri is not geared for questions," explained an apologetic aide. "He is painfully shy," added another. Jefri did manage to say that he was "looking forward" to his return to Brunei, that he missed the Sultan, and that he was "upset, confused, disappointed" when his assets were suddenly seized. I asked how long he planned to stay in Brunei. "I'm very open," he responded. I tried another tack. Will the Sultan see you? "He knows I'm coming." Laughter filled the room, but I'd somehow missed the joke. Have the two of you spoken by phone? "Yes, it is good that way. He asked me about the weather in New York."

I wanted Jefri's views on the events swirling around Brunei. "You ask me? You were there." Again, more laughter. When I asked about Aziz and the conservatives, Jefri said that "they would have their own agendas." And what are those agendas? "You can tell me," the prince responded. Chuckles all around.

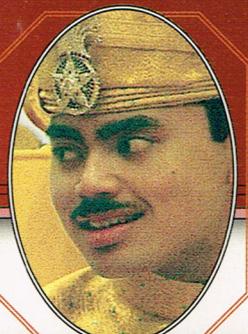
Clearly, this was the stuff of history, so I pressed on. I told Jefri it seemed that certain government officials wanted his country to become more conservative. "They didn't tell me," he responded. I also

told him it was obvious from my visit to Brunei that he had done many things to open up the society. "What did I do?" he asked, sounding alarmed and confused.

The prince refused to criticize his brothers directly and declined to discuss BIA because of the country's secrecy laws. But when his advisers piped up to explain that Jefri had done "nothing mysterious or wrong" and that all his actions were approved by BIA's board, Jefri declared, "Thank you. That was wonderful."

After 45 minutes, my time had run out

"If you're looking to knock out the royal family, Billah is your man."



THE FUTURE

Crown Prince Billah, like his father the Sultan, is the son of two first cousins.

—a shame, since the interview had been going so well. An adviser told me Jefri would be canceling our photo session. He had a flu and didn't think he looked good enough to have his picture taken. Hoping to get the prince to reconsider, I told him he looked terrific. He laughed, spun around swiftly, and left the room.

An hour later, Jefri was gearing up for his flight to Brunei, and I was lighting my 1492 in a tony Mayfair townhouse, surrounded by a team of his advisers. When I asked who owned the place, no one could say. But one among the entourage leaned over to me. "I'm worried that I'll shake Jefri's hand and it will be the last time I see him," he said. "I told him that

he's visiting a country he's never been to before."

I later learned that upon his arrival in Brunei, a police escort led P.J. to one of his many houses, which was surrounded by security forces. The prince wasn't sure whether the guards were there to protect him or to watch him. "There was a semblance of normality, but in a fairly unreal way," says a top aide. "They haven't exactly kissed and made up. Things remain tense because the economic situation is much graver than anyone imagined. The general feeling is that the Sultan is losing it, and that Aziz is increasingly running the show. The Sultan is still deeply confused in his own small brain as to why they suddenly haven't any money. Jefri's position is that he wants to do what he can to help his brother with assets they can liquidate to try and keep the thing afloat."

Jefri hadn't been in Brunei long before Arthur Andersen sent him a letter—which he promptly ignored—requiring his presence at a meeting. "Jefri doesn't react to require-presence letters," says an adviser, who tried instead to organize a meeting of all the players in a neutral nation. But even that proved impossible. "It's spooky," says the adviser. "We're in a very unpredictable period. This is like one of those deals years ago with the Soviet Union, where everybody would sit and argue for weeks about where they were going to sit at the table." Will Jefri be sued? Charged with a crime? "It depends on who's calling the shots," says the source. "From the Sultan's standpoint, they can't—and they shouldn't. From Aziz's standpoint, it might just be dandy."

One thing is certain: If Jefri is taken down, he'll try to take everybody along with him. One of his aides provided FORTUNE with a document purporting to show that brother Mohamed still owes \$10 million on a \$40 million home-cum-banquet hall that Amedeo built for him—allegedly with government funds. And not long ago, one of Jefri's attorneys sent a pointed letter to Yusof, reminding the Sultan's confidant that Amedeo had built a home for him as well. P.J. wanted to know when Yusof was planning to pay for it.

"I don't think, in the terms that you or I grew up with, that Jefri is a particularly good guy," says another lawyer. "But whatever he did wasn't any different from what his brothers did. The salient issue is that if this thing is ever fought, you'd have [legal] discovery of records, and they would have to lift the veil. I don't think they've thought this through too carefully. You're not talking about normal people." **F**