

Desert Storm or The Latest Scandal involving Property Developer in Dubai

Posted By [admin](#) On March 13, 2009 @ 5:20 pm In [Corporate](#), [Investigative](#), [Property](#) | [3 Comments](#)



According Reuters, in the beginning of February, Al-Fajer Properties announced a 3.2 billion dirham (\$871.2 million) restructuring of its operations. Under the leadership of its new president, Sheik Maktoum bin Hasher Al Maktoum – the eldest son of the company’s owner – the company had liquidated its land bank and sold off its remaining inventory after a “rigorous” business review in order to strengthen its balance sheet.

Later [sources close to Al-Fajer told America’s leading business magazine Forbes](#) that the restructuring was actually a wholesale “rescue” from financial ruin as an independent entity, after nearly three years of alleged mismanagement under former manager Shahram Abdullah Zadeh, businessman from Iranian origin.

Forbes claims it has reviewed documents – including bank statements, company contracts and employee interviews drafted by an auditing firm, which was called in to help conduct the business review last year – that tell the story of how Zadeh allegedly forged company contracts, kept fraudulent, unaudited accounts and moved money between Al-Fajer Properties and other companies owned by him.

Sources close to Al-Fajer told Forbes that the new president, Sheik Maktoum bin Hasher, was called in by the owner – his father – to fix the so-called “financial shambles” after an employee indirectly alerted them about the company’s week financial situation by requesting cash in early 2008. Documents show a cash balance of approximately \$8.2 million when Sheik Maktoum bin Hasher first reviewed the books, which was restored to \$163.4 million to \$190 million 60 days later. The sheik did this by unwinding investments that would have saddled Al-Fajer with massive liabilities – in the “hundreds of millions” of dirhams.

But the lawyers of former CEO of Al-Fajer Properties, who was fired in 2008, filed a civil lawsuit against the company on Feb. 26 at the Dubai Courts, claiming he was still owed \$1.9 billion. They also filed two unsuccessful criminal complaints against Al-Fajer in 2008.

The Dubai based [Zawya reports that the first court hearing](#) was on Wednesday. The case demands the “recovery of all material assets of Al-Fajer Properties”, close to two billion dollars over real estate investments, which gave no immediate reaction to the opening of the case. Only a representative of the plaintiff’s lawyer was in the Dubai Court of First Instance for the hearing, which lasted a few minutes. The court’s list named Al-Fajer as the defendant. The next hearing was adjourned to April 8.

About Al Fajer Properties

Al Fajer Properties LLC (AFP), was established in November 2004 as a wholly owned subsidiary of AFG (Al Fajer Group). Since then the company has built up a significant land bank of note. The company is currently in the process of developing its flagship project which consists of 9 commercial towers located in the Jumeirah Lake Towers Community. With an estimated project value of over AED 3 billion the company has positioned itself to become a leading player in the fastest growing real estate market in the world.

About Al Fajer Group

Al Fajer Group (AFG) was established in 1965, by its Group President His Highness Sheikh Hasher Bin Maktoum Al Maktoum. Since his appointment of CEO of the group in 1998 the company has rapidly grown to a diversified business entity delivering high quality service to a wide range of international clients. With more than 18,000 employees and an annual group turnover of AED 5.8 billion, the Group’s business interests to date have now placed it as a market leader with the following nationally

recognizable companies incorporated under its umbrella; Al Ahmadiyah Contracting & Trading, a leading national contracting firm with over 35 years of widespread construction experience; Al Ahmadiyah Aktor LLC identified as one of the few established professional construction companies reputed for its reliable expertise in intricate designs and exacting quality standards; Al Fajer Security & Maintenance, a leading specialist in providing a wide range of multi-property services; Lunar Electro, a national Electro Mechanical Contracting firm; Al Fajer Establishment, a general trading company with over 3 decades of expertise representing world renowned and leading brand of products supplying to the construction and printing industry; Balmer Lawrie & Co. Ltd, a well established company in India which has become a pioneer in container manufacturing in the Middle East specializing in mild steel barrels and drums; Al Fajer Information & Services, with over 2 decades of experience in providing a complete range of organization and management services through its five divisions which include Fairs and Exhibitions, Octanorm Displays, Shop Fittings, Design & Graphics and International Exhibit Builders. Other group members include: Al Fajer Travel & Tourism; Al Fajer Medical Supplies; Al Fajer Interiors & Decorations LLC; and Al Fajer Investments & Development.

Article printed from Dubai Chronicle: <http://www.dubaichronicle.com>

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