

Complaint against  
Al Fajer Properties Dubai Police

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## Probe into Dubai \$100rn fraud allegations

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Police are investigating fraud allegations against the chairman of one of Dubai's largest private real estate companies as dozens of aggrieved investors claim he defrauded them of more than \$100m.

Kabir Mulchandani, the chairman of Dynasty Zarooni, was arrested last week on allegations of fraud and is helping with inquiries, police officers told the Financial Times.

At least 10 members of Dynasty Zarooni's "investment club", which last year promised vast profits from the company's preferential access to real estate deals, have lodged complaints against Mr Mulchandani, an Indian national, his Emirati business partner, Hilal Al Zarooni, their joint venture Dynasty Zarooni, and two other employees.

Investors say that Mr Mulchandani in March received subscription fees of Dh300,000 a month from 12 members. He promised them returns of Dh1m a month after six months, or Dh6m, in September, they say.

One British loser says he was encouraged by initial profits made by another club member, who had reinvested the proceeds into the scheme rather than taking the cash.

The fraud allegations weigh further on Dubai's financial hangover as its six-year property boom fizzles out, with investor confidence hitting rock bottom as people are marooned in an illiquid, declining market while developers are hamstrung by financing difficulties.

More than 25 executives have been detained in an anti-corruption investigation at state-linked property companies. None have gone to trial yet, but the arrests have had an impact on investor confidence in Dubai.

News of the complaints against the chairman could raise concerns among other investors in Dynasty Zarooni's claimed Dh21bn real estate portfolio.

Mr Zarooni denied any participation in, or knowledge of, a fraudulent scheme. "One hundred per cent I deny this, there is nothing illegal whatsoever," he said.

Mr Mulchandani, who has been detained but is seeking bail, could not be reached for comment. He denied any wrongdoing in a local press interview last week.

Lawyers say more than 100 other investors are preparing cases against Dynasty Zarooni over misrepresentation during the sale of its real estate projects.

One aggrieved investor, who in May placed a 20 per cent deposit on an apartment in Ebony Tower 1, opposite the Dubai Marina, for Dh650,000, yesterday lodged a complaint with the police against Dynasty Zarooni and their development partners, Al Fajer Properties, for allegedly misleading him about the progress made on the building's construction, thereby raising the supposed value of the property. "I have been cheated and am very distressed," he said.

The cases, if they go to trial, could seek the recovery of hundreds of millions of UAE dirhams, said Salem Shaali, managing partner at Al Shaali & Co, which is representing the victims of the alleged fraud.

This could develop into one of the UAE's largest fraud cases if other individual investors in Dynasty Zarooni come forward, he said.