



Market Scan

Dubai 'Fraud': Where Are The Locals?

Lionel Laurent, 03.10.09, 4:00 PM ET

LONDON -Dubai's anti-corruption probe seemed in full swing Tuesday, after seven expatriate businessmen were reportedly accused by prosecutors of taking part in a \$500.0 million fraud at Dubai Islamic Bank. The suspects included three Britons, two Pakistanis, one Turk and one American, according to the *Associated Press*, raising concerns that local Emiraatis might not be held as fully accountable as the expat brigade.

"Some might say that it's evidence of the anti-corruption drive, but again, where are the Emiraatis?" wondered Christopher Davidson, a British academic who has authored several books on Dubai and the United Arab Emirates. "There have to be the local sponsors, the line managers, the people whose desk at which the buck stopped."

The alleged fraud involved a company called CCH, which according to reports was linked to some of the named suspects and may have forged documents to fraudulently obtain funds from Dubai Islamic Bank. The bank issued a statement on Tuesday claiming its exposure to CCH was around \$330.0 million and that it was chasing down assets "in a range of countries."

The former chief executive of Dubai Islamic Bank, Saad Abdul Razak, was reportedly taken into custody last year for questioning, as part of the authorities' probe of the real-estate sector, but his name does not seem to have made the final list. Press reports claim that a handful of local Emiraati executives have also been interrogated, including Sami al-Hashemi, ex-CEO of real-estate developer Mizin, and Abdul Salam al-Marri, head of the Lagoons development on Dubai Creek.

Although Dubai's defenders cite the example of a former cabinet minister, named in press reports as Khalifa Mohammad Bakhit al-Falasi, who was sentenced to two years in jail in February for an unrelated case of fraud and embezzlement, the truth is that very few local Emiraatis have been charged or punished as a result of such investigations.

Expatriate businessmen have also accused the Dubai authorities of torture and detention without charge, including Zack Shahin, ex-CEO of Dubai Islamic Bank's real-estate subsidiary Deyaar Properties, and Shahram Abdullah Zadeh, former manager of developer Al-Fajer Properties. (See "[Desert Storm In Dubai](#).") Zack Shahin is still behind bars and still has not been charged, according to one of his American lawyers, James Pitts, who told *Forbes* that there were around 40 other foreign businessmen in a similar situation in Dubai.

When asked whether Shahin might have provided names to the authorities in exchange for a lighter potential sentence, or exemption from the charge sheet, Pitts replied: "I am certainly not aware of any such arrangement."