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# Claims of biz swindle in Dubai's ruling family, ML

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Associated Press Writer= DUBAI, United Arab Emirates (AP) — In this Gulf city-state, two things have long been untouchable: business interests and the ruling family. However, an attempt to sue a member of the family over an alleged financial swindle is a sign of how much the economic crisis has rattled business as usual here.

Shahram Abdullah Zadeh accuses the brother-in-law of Dubai's emir illegally of taking over his real-estate firm and having him detained by police to help the swindle.

Zadeh, a 37-year-old Iranian national who has lived in Dubai all his life, brought a civil case against the brother-in-law to get his firm back, a rare move. Even more surprising, Zadeh tried to raise criminal charges, but that step went nowhere because prosecutors rejected it.

The case has raised questions about whether Dubai really is what it claims to be: A boomtown where international businessmen can safely invest and turn a profit; or rather, a nest of cronyism and connections where royal blood can still trump entrepreneurial effort.

Such questions were largely ignored by everyone — businessmen and politicians alike — as long as the cash was rolling in during Dubai's stunning expansion over the past decade. But now the emirate has hit the skids in the world financial crisis.

"During the boom, Dubai's shortcomings were glossed over, but now that the economy is struggling, it's becoming a different story," said Christopher Davidson, an author of two books on the United Arab Emirates and a lecturer at Durham University in Britain.

Dubai's emir, Sheik Mohammed bin Rashid Al Maktoum, led the emirate's vast financial ambitions. But business ran far ahead of the effort to modernize legislation in what remains a traditional Arab monarchy, where the ruler and his family hold final say.

Now the government has been trying to rein in some fast-and-loose business practices. About a dozen former executives are in custody for various investigations. Some have close ties to the government, but none of those in custody are related to the ruling family.

Zadeh's case goes farther — breaking to taboo of questioning Dubai's leadership. Zadeh says he's a victim of a system in which the rulers can manipulate police and the

courts to protect their business.

"If Dubai cannot provide security for foreign investors, they might as well switch off all the lights," he said.

Attempts over the past weeks by The Associated Press to contact the brother-in-law, Sheik Hasher Maktoum bin Juma'a Al Maktoum, were unsuccessful. Hasher and his company attorneys did not return repeated phone calls or respond to interview requests.

In the first session of Zadeh's civil case, Hasher and his lawyers failed to appear. In the second a week ago, his lawyer asked the court for more time to study the allegations. The case is to resume May 4.

Zadeh and the sheik went into business in 2004. Foreigners are allowed to deal in property only after finding an Emirati sponsor to officially register a company. The usual practice is for the Emirati sponsor to give his signature for an annual fee or profit share. Several members of the sprawling ruling family are involved in such deals.

Zadeh set up a firm, Al Fajer Properties, and was chief executive while Hasher held the trade license. The firm was profitable and is now worth about \$2 billion, according to Zadeh. But the partnership soured over delays in building a commercial tower.

Zadeh said in an affidavit to Dubai's attorney general that he was arrested in February 2008 and held for 60 days. He says he was never charged with any crime but was questioned over his business affairs including the combination of his safe.

While Zadeh was in detention, Hasher took over the company by appointing his son Sheik Maktoum as chief executive, ousting Zadeh, according to Zadeh's filing. When he was released, Zadeh says he found his office safe had been cleaned of documents showing he was the owner and Hasher's partner.

Zadeh also says police tried to push him to sign a document saying he had no connection to the firm. He submitted to the court Al Fajer documents listing him as CEO and transactions that his lawyers contend show he was the sole investor. The Associated Press was given a copy.

Hasher "thought he could do it all because he's a sheik," Zadeh said.

Police refused to comment on whether Zadeh was detained. Zadeh says they continue to hold his passport and so far he has had little luck pushing his claims.

He submitted a criminal complaint but the attorney general refused to investigate, giving no reason.

Zadeh then filed a complaint directly to Dubai's emir, who holds what is called the Ruler's Court. Residents can bring to the emir what they believe are injustices unaddressed by the courts from disputes over money to wrongful deaths.

Zadeh says he has received no response.

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