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= Dubai Dynasty Zarooni Fraud Allegations Widen,Bail At AED400M



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By Stefania Bianchi

Of ZAWYA DOW JONES

DUBAI (Zawya Dow Jones)--Dubai's public prosecution has raised the bail to 400 million U.A.E. dirhams (\$108 million) for Dynasty Zarooni's Chairman Kabir Mulchandani, who is being held by police on fraud allegations, as more aggrieved investors lodge complaints, officials said.

Mulchandani, whose mobile phone was turned off when called by Zawya Dow Jones Thursday, has previously denied any wrongdoing.

An official at the public prosecution told Zawya Dow Jones that Mulchandani is being held on allegations of "fraud and embezzlement" and that he would have to pay the full bail amount in order to be released.

According to lawyers at Al Shaali & Co., one of a number of Dubai-based law firms acting on behalf of the investors pursuing Mulchandani, the cases against the Indian businessman and Dynasty Zarooni involves projects in Dubai and Abu Dhabi worth more than AED5 billion.

"We're currently handling about AED500 million worth of cases," Said Al Akkad from Al Shaali & Co. said Thursday.

The law firm says the final value of cases against Dynasty Zarooni could rise much higher as other investors involved in Dynasty Zarooni's apparent AED21 billion real estate portfolio come forward.

"There are a lot more investors out there who want to file complaints against Dynasty Zarooni. The whole process takes a long time," said Al Akkad.

Mulchandani was arrested by police in early January and has since been referred to the public prosecution. Mulchandani's bail was set at AED76 million when he was first arrested.

Hilal Al Zarooni, Mulchandani's local partner in Dubai, referred Zawya Dow Jones to his lawyers Global Advocates & Legal Consultants when called. Global, who are also representing Mulchandani and the company Dynasty Zarooni, declined to comment on the case.

COMPLAINTS

Investors at six of Dynasty Zarooni's developments worth approximately AED6.35 billion have so far lodged complaints with the police, according to Al Shaali & Co.

The complaints so far refer to property at the company's Ebony & Ivory, Berlin Tower, K Hotel, Panoramic Heights, Sheffield Classique and Al Quorashi Tower developments. The cases include the taking of deposits and installment payments without depositing the money into an escrow account, the issuing of contracts worth just AED1 after the full value of the property has been paid and the misrepresentation of property during the sale.

Some investors at the Ebony and Ivory project in Dubai's Jumeirah Lake Towers district have also lodged a complaint with the police against Dynasty Zarooni for allegedly misleading them about the progress made on the building's construction. Prominent advertising campaigns in Dubai showed pictures of the Ebony and Ivory real estate project under construction 24 hours a day, but a visit to the site by Zawya Dow Jones revealed that no work was underway.

In an advertising campaign published in local media last year the company said that as a company it had earned AED20 billion in revenue, as well as AED6 billion for its investors.

Lawyers say Mulchandani is also being investigated for allegations that he conned a small group of wealthy investors into pledging large sums of money with the promise of a hefty monthly return.

Investors interviewed by Zawya Dow Jones say Mulchandani received subscription fees of AED300,000 a month from 12 members of the so-called "investment club". Mulchandani promised a return of a million dirhams a month after six months after investing their money in Dubai real estate projects.

The investors say Mulchandani has so far failed to deliver any returns, or their initial capital.

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