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Dubai Ppty Tycoon Mulchandani Held; \$123M Scam Alleged



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(This item was originally published Sunday.)

By Stefania Bianchi

Of ZAWYA DOW JONES

DUBAI (Zawya Dow Jones)—Dubai's Public Prosecution is detaining Kabir Mulchandani, chairman of Dynasty Zarooni Real Estate, amid allegations he defrauded investors of up to 450 million U.A.E. dirhams (\$123 million), according to lawyers for the investors, government officials and one of his business partners.

His detention is the latest in series of arrests in Dubai related to real estate and finance, but there's no evidence at present Mulchandani's arrest is related to any of the previous cases.

Mulchandani, who couldn't be reached for comment, has previously denied any wrongdoing.

Hilal Al Zarooni, Mulchandani's local partner in Dubai, said in a phone interview with Zawya Dow Jones "there is no evidence against the company. We sold everything legally."

Al Zarooni confirmed that Mulchandani is being held for questioning in Dubai, adding that he hasn't been contacted by authorities on the matter.

Ali Al Hashimi, an attorney for Global Advocates & Legal Consultants who are representing Dynasty Zarooni, also denied that there had been any wrongdoing on the part of his client in a phone interview.

Dubai police officials told Zawya Dow Jones Sunday that Mulchandani has been transferred from Jebel Ali police station to the custody of Dubai's Public Prosecution pending an investigation of his case.

According to law firm Al Shaali & Co., which is acting on behalf of the investors pursuing Mulchandani who have complained to the police, he is being questioned on two counts both subject to the Federal Penal Code and Dubai's property laws.

The first case relates to allegations that he conned a small group of wealthy investors into pledging large sums of money with the promise of a hefty monthly return.

The second case involves the selling of property at the AED2 billion Ebony and Ivory development in Dubai's Jumeirah Lake Towers district. According to Salem Al Shaali, the lawyer handling the case at Dubai-based Al Shaali & Co., Mulchandani took deposits for 20% of the property but failed to deliver the project.

A visit to the site of the project by Zawya Dow Jones confirmed that no work was underway. According to the lawyers, Mulchandani had shown investors other buildings under construction in Dubai an effort to convince them that the project was ongoing.

Jaydeep Anand, Dynasty Zarooni's chief operating officer, declined to comment on whether Mulchandani was being held when called by Zawya Dow Jones.

"I'm not the right person to comment on this," he said and referred the call to Rajesh Gupta, Dynasty's chief financial officer. Gupta didn't answer calls to his mobile.

Mulchandani was initially held by police earlier last week for an alleged liquor-related offense and bouncing a check for an undisclosed amount, which is an offense in the United Arab Emirates, an official at Dubai's Public Prosecution told