



Iranian conned by Dubai ruling family

Wed, 18 Feb 2009 19:46:01 GMT

Dubai's royal family, mired in controversy and scandal, has reportedly swindled a prominent Iranian investor out of millions of dollars.

Exposing the seamy underbelly of Dubai's real-estate sector, *The Wall Street Journal* recently revealed how an elite Iranian expatriate, Shahram Abdullah-Zadeh, was kicked out of a USD 750-million real-estate company he had helped establish.

Abdullah-Zadeh, who grew up in Dubai and managed his family's hotel and retail holdings, decided to invest in the sheikhdom's then-flourishing real estate infrastructure in 2000.

Property development in the sheikhdom was off limits to foreigners and Abdullah-Zadeh bound to open an off-the-book partnership with an Emirati citizen.

In a bid to avoid legal problems, Abdullah-Zadeh formed a joint venture with Sheikh Hasher bin Juma'a Al Maktoum -- the brother-in-law of Dubai's ruler, Sheikh Mohammed bin Rashid Al Maktoum, who is constructing the Middle East's biggest airport to be named after him.

Under a contract signed in 2006, Abdollah-Zadeh and Sheikh Hasher became co-owners of the Al-Fajer Enterprises -- a conglomerate that includes a large construction and contracting arm.

Abdollah-zadeh --who is named Al-Fajer chief executive in the contract-- reportedly provided more than USD 335,000 in start-up capital, and later invested another USD 30 million in the company. Sheikh Hasher, for his part, agreed to split profits evenly and invest equal amounts of capital.

Their business relationship initially kicked off with a quick start, but later hit a snag after a major showdown on a USD 750-million development project last February.

After the business dispute, Abdollah-Zadeh claimed he was blindfolded and locked up for 60 days in a Dubai State Security detention center, where he was repeatedly interrogated about his personal life and Al Fajer's operations.

He was later forced into giving the interrogators the combination of the company's safe after they asked for it.

"They told me that if I did not cooperate that they would ruin me," Abdullah-Zadeh said, adding that the only copy of his partnership agreement with Sheikh Hasher was in the safe.

Former employees of Al Fajer have confirmed in confidentiality that the contents of the company safe were emptied while Abdul-Zade was jailed.

Accusing Abdullah-Zadeh of embezzling funds and stealing money, Sheikh Hasher went on to appoint his son, Sheikh Maktoum, as the new chief executive of Al Fajer Properties on March 6.

Abdollah-zadeh, however, has denied any wrongdoing, saying the two men plotted his eight week-long detention in order to deprive him of his title and holdings at Al Fajer Properties.

"I used to believe in the miracle of Dubai. But now I see it all as a mirage," said Abdullah-Zadeh.

Although the Iranian investor has not been charged with a crime over the past year, Arab authorities have kept hold of his passport, making it impossible for him to travel or find work.

The 37-year-old Iranian investor has filed a lawsuit, but prosecutors have refused to investigate the case, citing an order from Dubai's attorney general.

The scandal come as Dubai - once hailed as the economic superpower of the Middle East - has yet to recover from the grips of an all-out financial meltdown.

According to a recent article published in the *New York Times*, real estate prices, which rose dramatically during Dubai's six-year boom, have dropped more than 30 percent over the past two or three months.

Moody's Investor's Service has announced that it might downgrade its ratings on six of Dubai's most prominent state-owned companies, citing deterioration in the economic prospect.

This comes as more and more foreigners -- who make up 90 percent of the population in Dubai-are being laid off from work.

Unlike its neighbour Abu Dhabi, Dubai does not have vast oil resources and has instead diversified its economy into non-oil sectors such as financial services, tourism and real estate.

SBB/MMN