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Dubai damns Sunland in corruption case

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A Dubai court declared evidence from a top Sunland executive as “contrary to fact” after throwing out a long-running corruption case against two Australian businessmen.

The ruling puts fresh pressure on the Gold Coast development company, which is being investigated by the corporate regulator for its disclosures over a corruption scandal in Dubai.

Matthew Joyce and Marcus Lee were exonerated in a surprise decision this month after close to five years being detained in the emirate. The full reasons for the court’s surprise decision have now been published and translated.

The two Australians were arrested in Dubai after Sunland alleged it was duped into paying a \$14 million “introductory fee” to secure land on the Dubai waterfront in 2007.

The Dubai Court of Appeal said the prosecution case was built on the “sole evidence” of the plaintiff, Sunland executive David Brown, which “the court finds unable to accept as credible”.

The court ruled Mr Brown contradicted himself between his initial statements and later testimony over who controlled the sought-after piece of Dubai real estate.

Mr Brown “did not report the incident of fraud except after being investigated by the Financial Controller,” the ruling said. “The plaintiff’s passport was confiscated by the police following an investigation, and this throws doubts on the credibility of his claims.”

The court also dismissed charges of disclosing confidential information and public servant profiteering against Mr Joyce, who was employed by the state-owned developer, Nakheel.

The court’s findings against Mr Brown, and its confirmation the Sunland executive was himself investigated in Dubai, may provide further material for an Australian Securities and Investments Commission investigation.

The ASIC probe was launched into Sunland’s 2009 stockmarket disclosures on the urging of the Victorian Supreme Court last year, after the court rejected a Sunland’s civil claim against Mr Joyce and an old Geelong Grammar friend, Angus Reed, who was involved in the Dubai deal.

The Victorian court flagged its concerns over Sunland’s 2009 statement that denied Mr Brown was being investigated in Dubai.

Questioned by the Victorian judge over one of the announcements, Mr Brown agreed it was inaccurate and did not reflect “what was actually going on in Dubai”.

“The inaccuracy was that, at the time of this announcement to the ASX, Brown was being investigated for bribery,” the judge said.

The judge noted Sunland founder Soheil Abedian had agreed a bribery investigation into a senior executive would be market-sensitive information, but he denied a “direct deceit” to investors.

“Whilst Soheil denied his alleged ignorance of Brown being under investigation for bribery was to justify the ASX announcement, his denial cannot be considered an honest answer,” the Victorian judge found.

The Supreme Court found there was no deception in the disputed Dubai transaction. Instead Sunland wanted to

Key points

- Dubai court finds Sunland executive not credible in corruption case.
- Sunland facing ASIC probe for its market disclosures in the Dubai affair.

develop the waterfront plot of land exclusively and paid Mr Reed and his company a fee to “walk away” from a joint venture.

Sunland subsequently sold a 40 per cent stake in the waterfront project to another investor for \$85 million.

On Friday, an ASIC spokesman said the watchdog was waiting to hear from Dubai authorities – as it has been since June – before finalising its deliberations. Sunland did not respond to requests for comment.

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