

Longlisted for the *Financial Times* and
McKinsey Business Book of the Year Award



THE KEY MAN

**SIMON
CLARK**

'Impeccably
researched and
sumptuous
in its detail'
Economist

**WILL
LOUCH**

'Scorching . . .
Well-paced
and cleverly
organized'
Sunday Times



**How the Global Elite Was
Duped by a Capitalist Fairy Tale**

Praise for *The Key Man*

‘The duo who broke the story of the Abraaj scandal have now entertainingly, edifyingly and thoroughly broken down the capitalistic/philanthropic mirage that was Arif Naqvi. This splendid cautionary tale lays bare the vulnerabilities of the world of high finance, where even the grandees of Davos were marks for the kid from Karachi – a man who could, seemingly, simultaneously produce mega-returns for investors and lift up poor people in the Third World – until, as Clark and Louch compellingly recount, he disastrously could not’

John Helyar, co-author of *Barbarians at the Gate*

‘An unbelievable true tale of greed, corruption and manipulation among the world’s financial elite and how the World Bank, Bill Gates and the governments of the US, UK, France, Germany, Norway, the Netherlands, Sweden and Kuwait fell victim to the world’s largest private equity Ponzi scheme’

Harry Markopolos, the Bernie Madoff whistle-blower

‘Arif Naqvi separated billionaires and royalty from their wealth by appealing to their private conceit that they had made their billions doing God’s work. The twists and turns of the increasingly desperate effort to raise funds to protect Arif’s reputation and keep Abraaj afloat – the near misses and lucky saves – are spellbinding. You won’t want to put the book down’

Eileen Appelbaum, co-author of *Private Equity at Work*

‘How do you dupe the World Bank, the World Economic Forum, the Gates Foundation and countless financial “luminaries” from around the globe? Attach yourself to the latest piece of financial gibberish “philanthrocapitalism”, hire a couple of McKinsey consultants and then get the Harvard Business School to write glowing reports about you. In this page-turner, Clark and Louch serve up an emphatic indictment of the “expert class”, people who think agility with numbers is somehow equivalent to wisdom and morality’

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Duff McDonald, author of *The Golden Passport*

‘The writing matches that of the best thrillers, with one huge extra bonus: you learn tons, even if you know this industry reasonably well. The rigour and colossal effort that went into this book transpires on each page. There is no dull moment. It is 300 pages of reading pleasure mixed with serious discomfort at what is being presented: the world of finance as it can be’

Ludovic Phalippou, Professor of Financial Economics
at Saïd Business School, University of Oxford

‘Simon Clark and Will Louch do us a service with their highly readable reminder of how greed and gullibility so often go together, and why we need good investigative journalism to keep reminding us that if the pitch (and the person doing the pitch) look just too good to be true there is probably something fishy going on behind the scenes’ Professor Sir David Omand, former director of GCHQ and author of *How Spies Think*

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THE KEY MAN

HOW THE GLOBAL ELITE WAS DUPED
BY A CAPITALIST FAIRY TALE

**SIMON CLARK AND
WILL LOUCH**



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DRAMATIS PERSONAE

Arif Naqvi Abraaj's founder and chief executive officer

Mustafa Abdel-Wadood Abraaj partner

Sev Vettivetpillai Abraaj partner

Rafique Lakhani Abraaj's treasurer

Waqar Siddique Abraaj head of operations and brother-in-law of Arif Naqvi

Ashish Dave Abraaj's chief financial officer

Ghizlan Guenez Arif's executive assistant

Andrew Farnum Bill & Melinda Gates Foundation executive

Ali Shihabi Former business partner of Arif Naqvi

Kito De Boer McKinsey executive and subsequently an Abraaj partner

Fadi Ghandour Aramex founder and Abraaj board member

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AUTHORS' NOTE

This book is based on hundreds of interviews with more than 150 people, including 70 former Abraaj employees, business chiefs, politicians, and a Vatican cardinal. All of the men and women who appear in the narrative do so under their real names. Many people who agreed to contribute asked not to be named because they feared it might cause trouble for themselves. These people have been referred to as employees or executives or with other general descriptions.

Quotes attributed to characters in dialogues are drawn from email exchanges, other forms of electronic messaging, videos, or court hearings, or were reconstructed from participants' recollections. We have made extensive use of legal documents and witness statements from the many court cases involving Abraaj, including criminal and civil cases the U.S. government has brought. These documents are identified in the notes section at the end of the book.

We contacted all the main characters in the Abraaj saga and asked them to comment. We have interviewed Arif Naqvi on a number of occasions in the past. Through his lawyer, Arif declined our interview requests for this book, citing his ongoing legal proceedings. He has maintained his innocence of the U.S. charges.

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PROLOGUE

“It’s a crucial moment in history. It’s an opportunity to immutably and absolutely change the course of innumerable lives.”

Arif Naqvi, a silver-haired man of soft bearish charm, was giving the biggest speech of his life. Hundreds of business leaders were gathered at the Mandarin Oriental hotel by New York’s Central Park to hear him speak on that sunny Monday morning in September 2017. This was his moment. The eyes of the global elite were fixed on him and he knew he needed to make a big impression.

The *New York Times* and *Forbes* had published glowing articles about the tycoon, who socialized with billionaires, royalty, and politicians. Among his associates were Bill Gates, Prince Charles, and John Kerry, the former American secretary of state. Arif was a member of powerful boards at the United Nations and Interpol, the international police agency.

It was no coincidence that world political leaders were meeting at the same time a short walk away at United Nations headquarters. For Arif’s objective was to convince his audience that he could solve humanity’s biggest problems—hunger, sickness, illiteracy, climate change, and power shortages—better than the politicians assembled across town.

Arif was one of the world’s leading impact investors, and his purpose was to do good and make profit—for his investors and for himself.

Two years earlier, the United Nations had announced a hugely ambitious plan, which Pope Francis blessed, to end global poverty by 2030. The plan required \$2.5 trillion of annual funding in addition to what governments and companies were already providing.

Arif said he could help.

He was founder and chief executive of the Abraaj Group, a private equity firm based in Dubai. Abraaj managed almost \$14 billion and owned stakes in a hundred companies worldwide. Arif was asking investors for \$6 billion more, which Abraaj would use to buy and improve companies in poor countries. By doing this he would help the UN end poverty and make profit for himself and his investors too.

“To do good does not necessarily mean to compromise returns,” Arif said, pacing back and forth upon the stage. “It is gratifying that we are having this event on morning one, day one and hour one of the UN General Assembly week. And what I hope is that everybody, when they leave from here at the end of today, are going to spend time influencing their networks and spending the whole of the week forcing people not to talk about wars and pestilence and negativity but actually the positive energy that comes out of focusing on impact investing.”

A revolution in finance was needed and Arif was going to lead it. He wasn't just harnessing capitalism to make money for the rich but to end the suffering of the poor as well.

“We want to be the beacon and we want others to join us,” Arif declared with his calm, reassuring voice. “This opportunity is here. It is now. It is for us to take advantage of and it is for all of us to make collectively the world a better place.”

The crowd swelled with applause.

It was a masterful performance, but messages stored on the phone Arif carried told a very different story. Six days before the speech, Rafique Lakhani, a deeply religious Muslim employee who was unflinchingly loyal to Arif, had emailed his boss. Rafique's job was to manage Abraaj's cash and he was desperate because the firm had run out of money, he told Arif in the email. There was nothing left to

pay for promised investments in hospitals in poor countries, Rafique told him.

Arif's sunny optimism on stage masked a deep chaos. Behind the façade of operating a successful investment company capable of improving billions of lives, Arif was masterminding a global criminal conspiracy. Abraaj didn't have any money left because he had stolen it. Arif had taken more than \$780 million from his firm and misused money from investors including the Bill & Melinda Gates Foundation, Bank of America, and the U.S., U.K., and French governments.

Now, unbeknown to the audience, Abraaj was on the brink of collapsing with more than \$1 billion of debt.

. . .

Arif was the Key Man. This title, which private equity firms give to their most important executives, had even greater significance in Arif's case because he was offering to solve so many of humanity's problems. He was the charismatic leader of Abraaj and his vision was what investors bought into. He was the reason people gave Abraaj money to manage, and he was trusted with billions of dollars. One adoring investor compared him to Tom Cruise in the *Mission: Impossible* films.

Abraaj was a money machine that had raised a succession of funds to invest in companies and hospitals across Asia, Africa, and Latin America. Arif traveled the world in a private jet and on *Raasta*, his 154-foot superyacht with teak decks and an art deco interior, to do deals with the rich and powerful. He was a fixture at the annual World Economic Forum in the Swiss mountain resort of Davos.

Arif's rise from childhood in Pakistan, a former British colony, to trusted insider of the elite embodied the burst of globalization that began after the Cold War ended. As new forces brought people closer together around the world—from the internet to terrorism—Arif convinced Western investors that he was their expert partner in exploring distant lands.

As global trade intensified at the dawn of the new millennium,

Arif realized that he could pitch his dealmaking skills to politicians as well as investors, as a way to do good by spurring development—all while generating market-beating returns.

In the aftermath of the attacks of September 11, 2001, Arif persuaded Western politicians that he was an ally who could help bring stability to the Middle East by creating jobs in fragile states where terrorism had deep roots.

He was sought out by billionaires and their millennial heirs who enthusiastically adopted the idea of impact investing and the feel-good veneer it gave to the old game of making money.

When China's economic expansion breathed new life into countries along the ancient Silk Road trading routes of Asia, Arif guided Western executives to business opportunities in cities they struggled to find on a map.

Microsoft's founder Bill Gates helped Arif set up a \$1 billion fund to improve healthcare in poor countries, and the World Bank and the American, British, and French governments invested in this pioneering fund alongside the Gates Foundation.

Arif won much admiration during his career. A committee of Nobel Prize laureates selected him for an Oslo Business for Peace Award. American academics predicted he might become a brilliant prime minister of Pakistan by 2020 and lead his troubled homeland to prosperity.

"As a charismatic, self-made millionaire and one of the most successful emerging market investors, he was well connected," the academics wrote in 2011. "Naqvi's emphasis on education and self-reliance, along with his self-made personal narrative, untainted reputation and emphasis on fairness and justice resonated well."

. . .

Four months after Arif gave the speech in New York, in January 2018, we received an email from someone who refused to give their name. He or she said they were an Abraaj employee who was afraid that

if they spoke publicly they'd lose their job, or maybe worse. They wanted to get a message out and they decided to contact us because we were *Wall Street Journal* reporters who specialized in writing about private equity firms like Abraaj.

"There is a potential fraud investigation," the person wrote. Hundreds of millions of dollars were missing from Abraaj's healthcare fund. "It is all sad but true."

We exchanged hundreds of emails with the nameless source over the next few months. When we contacted Abraaj, they said the allegations were lies.

"Categorically there is no money that disappeared," an American executive at Abraaj said. "Why would such a successful firm do something like that?"

The source often went silent without warning, only to reappear days later using a new email address. After four months, the messages stopped altogether. We felt like we'd lost a friend.

This was a big story if we could prove it was true. We called dozens of people on five continents to find out what was going on. Working with Nicolas Parasie, a *Wall Street Journal* colleague in Dubai, we interviewed Abraaj employees, investors, and advisers. They shared emails and details with us that added to a vast collection of documents gathered from court cases and regulatory filings. With the notes we took during telephone conversations and messages exchanged with sources on WhatsApp, Signal, and Telegram, we collected enough pieces of the jigsaw puzzle to gain a clear picture of events at Abraaj. We spoke to so many people that Abraaj employees began calling us to find out what was happening.

Then we made a crucial breakthrough. A chain of trusted sources put us in contact with a person who claimed to have proof of massive theft and fraud at Abraaj. After repeated telephone calls and false starts, this person finally agreed to meet in a café near the Tower of London, an ancient fortress in the heart of the city's financial district.

The person pulled a laptop computer from a travel bag and opened files showing Abraaj bank statements, emails, and documents. Fraud,

theft, and attempts to bribe Pakistan's prime minister had taken place, the documents showed. We photographed the documents and walked back across London Bridge to the newsroom, firmly clutching the evidence. Our front-page investigation was published in the *Wall Street Journal* on October 16, 2018. Arif insisted he had done nothing wrong.

Six months later, a British police officer arrested Arif as he stepped off a commercial passenger flight arriving at Heathrow Airport in London from Pakistan. The policeman told Arif that he was wanted for extradition to stand trial in the United States, where New York prosecutors accused him of operating a criminal organization. He had stolen for personal gain and to prop up Abraaj, his renowned private equity firm and a darling of the global financial elite.

On the day of his arrest in April 2019, Arif was carrying two Pakistani passports, a Saint Kitts and Nevis passport, and an Interpol passport. He told the police officer that he was surprised he was arresting him because he'd checked before flying to see whether there was an Interpol "red notice" arrest warrant in his name and there wasn't one. The police officer told him he didn't need one. Arif was being charged under an American law created to prosecute criminal gangs like the mafia.

The story of Abraaj that Arif wanted people to hear was the triumph of capitalism over poverty, of the future over the past, of a global vision regaled from Washington to Davos, Dubai, and Beijing. The only problem, according to the U.S. Department of Justice, was that Arif was a liar and a thief motivated by criminal ambition.

After years in which Arif took the world by storm, as Bill Gates entrusted him with money and Warren Buffett and other billionaires welcomed him into their exclusive club of rich philanthropists, he stood accused of swindling investors out of hundreds of millions of dollars, breaking laws and offering bribes, all to keep his billionaire lifestyle afloat.

The dark side of globalization—a shadowy hinterland of political intrigue and illicit offshore money flows—lurked behind the bright vision of the future Arif championed in public.

His investments, in truth, were too good to be true, and his firm had been insolvent for years. Stolen cash propped up Abraaj in what the famed Bernard Madoff investigator Harry Markopolos described to us as a Ponzi scheme with leverage. Abraaj had become one of the largest corporate frauds in history, and Arif, accused of wrongfully holding on to \$385 million of the funds he had taken, faced 291 years in a high-security jail.

Abraaj employees who naively believed in Arif and his mission of making money and doing good were at a loss to explain what went wrong. They debated whether he was a narcissist, sociopath, psychopath, or all three.

“There is no one so compelling as a mad man or a con man. He was brilliant and he was devious,” said a former Abraaj executive. “He was so selfish and so greedy that he essentially undercut everything he was saying.”

As Abraaj crumbled, Arif told a colleague that he wanted to walk away with three things intact: his wealth, dignity, and reputation.

This is not the story Arif wanted to be told. It is the true story of how one of global finance’s most celebrated companies turned out to be little more than a capitalist fairy tale.

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THE BOY FROM KARACHI

The young boy stared in wonder at the grainy black-and-white images on the television screen. The pictures of the first men walking on the moon pierced earth's atmosphere in July 1969 and entered the homes of 600 million people around the planet, including in Karachi, a bustling port city on Pakistan's Arabian Sea shore.

"Wow," Arif thought. "How privileged am I to be watching this."

Like millions who witnessed the space odyssey as it happened and billions who saw it later, the realization that people were on the moon and looking back at our world gave Arif a whole new perspective on who and where he was. He wasn't merely alive within the walls of his house or the streets of Karachi or even the planes and mountains of Pakistan. The whole world was his stage.

Globalization was shaping Arif's world long before the moon landing. His school in the sweltering city of Karachi was built more than a century before he was born by foreigners who had set sail from a cool and rainy island four thousand miles away. Karachi Grammar School was founded by the Reverend Henry Breerton, the first British chaplain of Karachi, in 1847 to educate the white offspring of missionaries, merchants, and the military. By the time Arif enrolled, the school was part of the newly independent nation of Pakistan and the students were mostly local children like him.

An intelligent, cocky boy with sharp features and thick black hair, Arif had an answer for everything. Teachers found him both likable and divisive because there were two distinct sides to his personality. Some students admired his lively sense of humor but others were hurt by his lack of sensitivity. He was a scholar and a risk-taker who pushed school rules to the limit. His name was painted in gold letters on a wooden panel memorializing first-class students, many of whom went on to become politicians, generals, and corporate chiefs. But Arif wanted to leave a mark on the school on his terms too, so he carved his name into a stone porch near a bell that was the symbolic heart of the old institution. Teachers, unsurprisingly, were less than impressed but the brazen act ensured they remembered him long after he left.

Arif learned to sing the school song lustily in a hall with a corrugated iron roof called the Shed, which became unbearably hot in summer but was useful in winter for assemblies and prize givings.

“God, whose mercy long has kept our school from age to age, hear as we offer up to thee our fair and splendid heritage,” Arif sang. “Help us to keep our ideals pure, whatever else may change.”

The Christian God of the British songwriters had been replaced in the minds of the Pakistani students with Allah, the God of Islam, but ambition and idealism burned just as intensely in them as in their colonial predecessors. The school was infused with the legacy of the British and their recently expired empire. Discipline was strict. Teachers in long black gowns struck disobedient students with canes, and boys who let their hair grow long over their white shirt collars were sent straight to the barbershop.

Lessons were taught in English rather than the local Urdu language. Students learned by heart the works of William Shakespeare, the English playwright who first described all the world as a stage and wrote *Macbeth*, the tragedy of an ambitious general, and the comedy *Much Ado About Nothing*. Arif acted in four school plays and was vice president of the drama society.

The mighty stone school stood at the center of Karachi, among

other imposing buildings erected by the British colonizers. The clock tower of the Empress Market was nearby. Named after Queen Victoria, Empress of India, the market was built in the 1880s on a plot of land where British soldiers executed local freedom fighters by blowing them to pieces with cannonballs.

When the British gave up the empire at midnight on August 14, 1947, they divided the land into two new nations: the Islamic Republic of Pakistan and the Republic of India. The pacifist politician Mahatma Gandhi had dreamed of creating one free and united India for citizens of all religions but his vision didn't come true. Pakistan was made for Muslims, and India was dominated by Hindus. People migrated by foot, ox cart, and train across the new border—to or from Pakistan depending on their religion—with millions suffering injury, rape, or death in the violent transition.

Arif's family was part of the exodus, moving from northern India to Karachi to start a new life. Karachi's population doubled to 1 million soon after independence and kept growing rapidly to reach 16 million in the twenty-first century, almost double the size of London.

The British left behind railways, ports, power stations, and elitist values. On the manicured green lawns of Karachi's members-only Sind Club, white army officers were replaced by a new upper class of Pakistanis who talked in English about business and politics while sipping gin and tonic. They sent their children to Karachi Grammar School and frequently looked down on parents who weren't wealthy or well-connected enough to join their exclusive club.

Arif's father wasn't a Sind Club member but he was still able to pay the Karachi Grammar School fees to make his children part of the English-speaking elite. For most people in Karachi the grammar school was unreachable. It was a price worth paying, parents reckoned, because in a country with a rigid class system, attending the exclusive school brought them closer to the orbit of prime ministers, judges, and the owners of industry.

Arif's father fell on hard times in his business dealings, making life tougher for Arif and his three sisters than it might otherwise have

been. Arif had a fiercely competitive streak and the setbacks of his father wounded his pride. He was acutely aware of the difference between himself and the sons and daughters of the extremely wealthy.

Arif was determined to advance his family's fortunes. He mastered the art of networking and won the loyal support of fellow students who stayed close to him in later life. Wahid Hamid, a Karachi Grammar School pupil who befriended Barack Obama at college in the United States, would go on to work closely with Arif at Abraaj some thirty years later. Javed Ahmed, a fellow school prefect and lifelong friend, served as chief executive of the British sugar company Tate & Lyle and provided money for a bond to help get Arif out of jail after his arrest. Arif also kept in touch with Samir Fancy, a boy with important family ties through his mother's prior marriage to the sultan of Oman. Samir captained the school cricket team and Arif never forgot when he didn't select him for a match.

Karachi was a peaceful place during Arif's school days. Children swam at Sandspit Beach and bought ice cream near the port. Fishermen told tales of local adventurers such as the Bhatti cousins, who smuggled gold into Karachi from an area of Arabia Europeans once called the Pirate Coast. Today it's known as the United Arab Emirates. The smugglers were so prolific that the price of gold in Karachi would rise and fall as they delivered shipments of the precious metal to the city. They won the allegiance of the city's poor by paying for food and education and, in return, people provided the cousins with information to help them stay a step ahead of the police.

Arif's classmates pored over newspapers and magazines filled with tales of glamorous members of the elite like Prince Shah Karim Al Hussaini, otherwise known as the Aga Khan. The wealthy prince's father claimed to be a direct descendent of the Prophet Muhammad and his mother was a British aristocrat. The Aga Khan's ancestors were weighed in gold by religious followers who gifted the riches to their leader. The Aga Khan impressed Pakistanis with gossipy news about his glamorous life and philanthropic acts, which would include building a renowned university hospital in Karachi.

School infused Arif with the ambition to do more than leave his mark on the stone bell porch. As the school song put it, like the “generations that have trod this path before” he would “strive whatever betide, to learn to play the game.”

He was determined to play the game of life and win.

Arif honed his acting, public speaking, and leadership skills. He was a member of the debating team, captain of the general knowledge team, editor in chief of *Pulse*, the school newspaper, and co-editor of *The Grammarian*, the school yearbook. He was a runner-up in an inter-school oratory competition and won awards for journalism and for being the most outstanding student of the year in 1978. In his last September at school he participated in a big debate, speaking for the motion that the most valuable member of society is the rebel. Arif’s team won by arguing that rebels are reformers rather than destructive forces. Arif gained “more points for the delivery rather than for material,” according to *The Grammarian*.

He was never shy about success and claimed to have transformed *Pulse* during his editorship. “We, the Editors, unabashedly accept all credit, which the avid reader may wish to confer on us,” he wrote in the yearbook.

Ever the optimist, Arif liked to say there were two types of people in the world—those who wake up in the morning, open the window, look out, and pessimistically say “Good God, it’s morning,” and those who open the same window and optimistically say “Good morning, God!”

The place for such an ambitious son of Karachi to go next was the old imperial capital, London. It was a journey many privileged children from former British colonies took and in 1979, at the age of nineteen, Arif started studying for a university degree at the London School of Economics. Life in Britain was a sobering introduction to the vast inequality in the world. A relatively well-to-do boy in Karachi, Arif was comparatively hard-up in the vastly more expensive British capital. Fellow Pakistani students walked everywhere and avoided taking buses or the London Underground to save money.

He took pleasure in his academic success in London. It was one way of striking back at the racism he experienced. There were also mild acts of rebellion, like smoking in a common room, for which he was reprimanded.

Arif was taught by a British professor who specialized in Soviet economics and studied the ideology of communism, which promised to elevate the poor people whom globalization left behind. The tensions of the Cold War between the United States and the Soviet Union were building at the time, and the Americans were supporting a military dictator in Pakistan who, with U.S. assistance, armed Mujahideen fighters in neighboring Afghanistan in a bid to oust occupying Soviet troops. Osama bin Laden fought among the Afghans against the Russians.

Arif made friends in London and widened the foundations of his global network, which served him well in life. He also found love, falling for a fellow former Karachi Grammar School student. Fayeeza Chundrigar was related to a past prime minister of Pakistan who had given his name to Chundrigar Road, Karachi's equivalent to Wall Street. A conscientious student, Fayeeza professed a strong concern for her poorer fellow citizens as well as an interest in finance, which led to a job at Pakistan's Bank of Credit and Commerce International. They got married after graduating in 1982.

Arif's priority was to get rich, but there weren't many opportunities for a young Pakistani in London's financial district, known as the City, in the early 1980s. The City was still a stuffy club reserved mainly for rich white men from English private schools like Eton College. Prime Minister Margaret Thatcher's reforms, which opened the City to international competition and foreign workers, hadn't yet taken root.

Arif was training as an accountant at Arthur Andersen in London in October 1985 when an advertisement appeared in the *Financial Times* for an exciting job back in Pakistan. A new advisory firm called Financial and Management Services had been set up in Karachi by British investment bank Morgan Grenfell, U.S. advisory firm Booz

Allen Hamilton, and the Pakistan Banking Council. They were looking for dynamic Pakistani professionals with international experience and qualifications who wanted to return home to work. Arif applied and was hired.

British managers at the advisory firm found Arif charming, intelligent, and energetic but Pakistani colleagues saw a different side to his personality. Arif was friendly when he wanted something and ruthless when he didn't. Colleagues described him as aggressive and bumptious, a hypercompetitive chancer with an enormous sense of entitlement and ego. His stint as a consultant based in Karachi's Avari Towers ended as a rumor spread through the office that he hadn't completed all his accounting exams in the U.K. Arif left the company soon after a letter arrived from London confirming that he hadn't qualified.

He moved to an office in the city's upscale Clifton district to work for Firoz Shroff, a real estate developer and one of the Aga Khan's Ismaili followers. Ismailis are renowned as savvy business operators, a characteristic Firoz attributed to hard work and—as the old British saying goes—to carefully counting pennies rather than pounds. Firoz told Arif that a bar of soap and tube of toothpaste could last him six months but Arif wasn't impressed by his boss's frugal ways.

Firoz liked Arif and thought he was smart but soon discovered characteristics that troubled him. Arif had a big ego and wanted to use debt to finance deals, but to Firoz debt was like a drug and ego was a disease. It seemed to him that Arif was on a mission to prove he could be more successful and richer than Pakistan's dominant industrial families—the Dawoods, the Adamjees, and Agha Hasan Abedi, who was busy building the Bank of Credit and Commerce International, where Fayeeza worked, into a global company.

“Good luck,” Firoz told Arif. “I don't want to be above anybody. I would rather be under the carpet.”

Reflecting on Arif's ambition, Firoz thought something must have happened to him at school—he was in a hurry to gain status to impress former classmates at Karachi Grammar School.

Arif worked with Firoz for a few months and then joined American Express, where he served a brief stint in the U.S. credit card company's Karachi office.

A big break came in 1990 when he applied to join Saudi Arabia's Olayan Group. The company belonged to a wealthy Saudi family that had interests in consumer goods, logistics, and banking in the oil-rich homeland of Islam. A job at Olayan would open doors to important people across the Middle East.

Arif made a positive impression on Imtiaz Hydari, a Pakistani who had risen through the ranks to become president of Olayan. Imtiaz saw something special in the infectiously positive, intelligent, and well-spoken thirty-year-old, and hired Arif as a business analyst. Imtiaz later described Arif as having far-reaching ambitions, and an ego to match.

As a technological revolution supercharged a world collecting on the peace dividend of the Cold War's end, Arif moved to the Saudi capital, Riyadh. The workforce was international and he met ambitious Indians, Lebanese, Palestinians, Egyptians, Europeans, and Americans.

Arif's job involved regular meetings with his brilliant billionaire boss Suliman Olayan, but soon he grew restless. It wasn't enough for the young man to work for the rich and powerful, because he himself wanted to be rich and powerful.

"I want to leave," Arif told Olayan one day.

"Well, I think you are being a bit presumptuous," Olayan replied, according to an account of the meeting by Arif. "You are very young. You can have any job in this group you want. Which one would you like?"

"Well, chief, you can't offer me what I really want," Arif said.

Olayan bristled and asked why.

"Well, I want your job," Arif said.

"He was too ambitious," recalled Zahi Khouri, a former Olayan executive. "To be an employee was too small for him," he said. "The shirt he was wearing was too tight on him and he needed a bigger size."

At a poker game in Riyadh, Arif asked a group of wealthy Pakistanis for money to help him start his own company. At first they didn't take him seriously and laughed at the request. One poker player snobbishly thought Arif wasn't well-dressed enough for the big role he wanted to play in finance, but Arif persisted and his plans eventually won over a poker player called Izzat Majeed. He was a Pakistani financier who managed money for a Saudi businessman called Abdullah Basodan, who in turn had connections to a Saudi billionaire called Khalid bin Mahfouz.

It wasn't possible for a Pakistani to start a company in Saudi Arabia because only Saudis could control companies and it was important to speak Arabic, which Arif couldn't. Besides, Pakistanis were frequently looked down on in the kingdom as natives of a country that provided a big supply of poor manual laborers.

So in 1994 Arif crossed the border and entered the UAE, the desert country formerly known as the Pirate Coast. The ruling family of the city-state of Dubai was welcoming foreigners as it vied to transform its realm into a global center for trade and finance. English, which Arif spoke better than many Englishmen, was the language of business in Dubai.

With \$50,000 in savings, which Arif told some people he'd made by selling a car he won in a raffle, he started his own investment firm called the Cupola Group and convinced the poker-playing Izzat Majeed to invest. Izzat brought in his Saudi client Abdullah Basodan.

Arif started with a string of modest investments that were largely unsuccessful. He built a credit-card factory in Dubai and bought local franchises of Western companies such as the TGI Fridays restaurant chain. He created a magazine targeting expat Pakistanis, which one of his sisters edited, and he invested in a supermarket project in Lahore, Pakistan, involving Imran Khan, the celebrated former captain of Pakistan's national cricket team.

In spite of the indifferent deals, Arif made an outsized impact in Dubai with public relations blitzes and grand annual balls. "It all looked very, very glamorous," one guest recalled.

In the summer of 1998, Arif visited London and met up with Imtiaz, who had by then also left Olayan. Imtiaz told him about an exciting opportunity. He said that Inchcape, a company founded in the days of the British Empire to ship goods between London and India, wanted to sell its Middle Eastern grocery stores and liquor chains to focus on its main business distributing cars.

Inchcape's grocery and liquor business was profitable and had annual sales of more than \$600 million but potential bidders including Olayan had ruled out making an offer because of a problem. Inchcape had more than a hundred local Arab partners in its Middle Eastern business, and reaching an agreement with all of them about a takeover was impossible. Besides, these Arab partners wanted to buy the Inchcape business for themselves.

Arif saw opportunity where Olayan saw complexity.

"This is exactly what I am looking for!" Arif said to Imtiaz, who was trying to find a buyer to make an offer. "Can you give me some idea of what I need?"

"Show me one hundred and fifty million dollars," Imtiaz replied.

Arif didn't have anywhere near that kind of money and Imtiaz knew it, but Arif said he would return to Dubai to find investors. Imtiaz gave him a week to raise the money.

It took weeks, rather than a week, but Arif secured \$27 million of funding from the Saudi investor Abdullah Basodan. Then he returned to London to meet bankers at ANZ Grindlays, who agreed to lend \$60 million secured on the Inchcape assets Arif planned to buy.

Arif, still short of his \$150 million target, pressured Imtiaz with requests to help. He called Imtiaz his dear friend and described himself as his *chota bhai*, an Urdu phrase that means "younger brother." Imtiaz has called the phrase "a form of emotional blackmail commonly used in Eastern culture" because the assertion of a family connection implied there was an obligation to help. Arif's determination paid off. Imtiaz decided to throw in his lot with Arif and persuaded Inchcape to accept an unfunded \$150 million offer. Inchcape's executives warily accepted the bid. They were suspicious of the sources of

Arif's money, and one later described him privately as a charming swindler.

A rival bidding group made up of Inchcape's Arab partners also put in an offer. The group included some of the most powerful families in the Middle East, but they offered less than Arif.

Arif won the auction. Now he had to find a way to pay.

Upon learning of Arif's victory, Inchcape's Arab partners flew into a rage because losing to a Pakistani upstart they'd never heard of was insulting for them. They mutinied and refused to work with Arif on the deal.

Arif turned the situation to his advantage by using their rebellion as a bargaining chip with Inchcape. He demanded a discount to the \$150 million price for the business and the right to pay in installments. Inchcape executives were eager to get rid of the business and their irate Arab partners so they cut the price to \$98.5 million and allowed Arif to pay in installments.

Arif, still short of money, then made a move that revealed rare flair for dealmaking. He offered to sell part of the Inchcape business to the Arab partners for \$18 million even before he owned it. The Arabs agreed, made the payment, and Arif used their cash to fund his first installment to Inchcape.

Operating the grocery stores and liquor chains was clearly going to be impossible because of the opposition from the Arab partners, so Arif changed his strategy and decided to break up and sell most of the assets within two years for far more than the sum of the parts. After repaying the loan to ANZ Grindlays he was left with a profit of \$71 million.

News of Arif's success spread through Dubai's palaces, clubs, and restaurants and earned him grudging respect from Arabs who had stood in his way. Some became investors in his later adventures. The audacious takeover of a company Arif couldn't afford to buy had succeeded, and his hard work and quick thinking were paying off.

Now in his early forties, Arif used his new wealth to buy a large apartment in a gated mansion block set back from Exhibition Road in

London's opulent South Kensington district. Samir Fancy, the former Karachi Grammar School cricket captain who as a boy Arif believed kept him out of a game, owned an apartment in the same building, which was near the Aga Khan's palatial Ismaili Centre. Grand Victorian buildings surrounded Arif's London residence, just as they had during his school days in Karachi. The Albert Memorial, which Queen Victoria adorned with statues of colonized peoples to honor her husband, loomed over Arif on walks in nearby Hyde Park.

"God has been kind to me in that I have been blessed with all the good things globalization has to offer," Arif said.

The boy from Karachi had made his mark in London.

A GLITTERING OASIS

Dubai was the ideal place for Arif to pursue his dreams. In 2001 the city on the shore of the Arabian Desert was midway through transforming itself from an impoverished beach town inhabited by pearl divers and fishermen into the futuristic metropolis of glistening skyscrapers, lush green parks, and six-lane highways of today. An explosion of commerce had made fortunes for the grandchildren of pirates and merchants who once sailed goods and contraband in wooden dhows across the Arabian Sea to Karachi and beyond. Dubai was emerging as a global financial center, with vast inflows of money for legitimate investment purposes, as well as the illegitimate proceeds of crime and corruption from Asia, Africa, and the West.

Construction of the giant Burj Khalifa tower—twice the height of the Empire State Building—and the famous palm-shaped islands off the coast hadn't yet begun, but the Burj Al Arab, a 1,053-foot-high hotel shaped like a giant sail, indicated the scale of things to come. Dubai was growing up around its man-made deepwater port, free-trade zones, world-class airport, and sterling Emirates airline, owned by the ruling family of royal sheiks.

In a burst of ambition, Dubai was striving to assert its dominance over Bahrain and Qatar to become the undisputed center of Middle East business and the vital hub connecting East and West. The motive

was simple. Dubai lacked oil, the source of the region's vast wealth. Its ruler, Sheik Mohammed bin Rashid Al Maktoum, was determined to build a city of riches by creating a welcoming environment for people to work and play hard in. Western executives and their families were welcome. Alcoholic drinks—traditionally a strict taboo on the Arabian Peninsula, where the Prophet Muhammad lived—were permitted in Dubai. Prostitutes waited for clients in bars and hotels.

Dubai was a melting pot of nationalities. Asians with university degrees like Arif mixed with Europeans and Americans pursuing lucrative careers in finance, education, and healthcare. Meanwhile, thousands of impoverished Pakistanis and Indians toiled in terrible conditions on construction sites, and poor female migrants from the Philippines cooked and cleaned as maids. Foreign residents outnumbered locals eight to one.

Arif was becoming a local legend. Gossip swirled about the origins of his cash—Pakistani politicians and drug money were rumored to have funded his early investments—but there wasn't any doubt about his triumph in profiting from the sale of the Inchcape businesses that supplied Dubai with food and liquor. Arif was seriously wealthy for the first time in his life but he wanted more. Unsure what to do next, he visited Kito de Boer for advice. The tall, friendly Dutchman was setting up the Middle East operations of McKinsey & Company, the American management consulting firm. Arif's and Kito's wives, who shared a passion for art and interior design, had become good friends.

Kito was passionate about promoting business as a modernizing force in developing countries. He saw Dubai as a hub for a new wave of entrepreneurs from emerging markets who he could turn into lucrative clients, but the region needed investment and expertise to help new companies grow.

Who am I? Arif asked Kito.

Kito recognized Arif's ability to make big profits from buying and selling companies. He told Arif to start a private equity firm.

Private equity was pioneered in the 1980s by American dealmakers at investment firms like KKR, Blackstone, and Carlyle who figured

out how to buy businesses using little of their own money. Instead, they used the companies they intended to buy as collateral for loans, or leverage, which they used to fund the takeovers. Profits from the acquired companies were then used to repay the loans. These acquisitions were called leveraged buyouts.

The American private equity founders became rich and famous billionaires who were celebrated in business circles—men like Henry Kravis and George Roberts, the cousins who started KKR; the Blackstone cofounder Stephen Schwarzman; and Carlyle's cofounder David Rubenstein. As they grew in wealth and influence, they hired former presidents, prime ministers, and generals to work for them. At various times private equity firms owned and controlled some of the world's most famous companies, including Hilton Hotels, Dell computers, and Burger King. Private equity tycoons were often viewed less favorably by society at large, and labor unions and left-wing politicians frequently accused them of asset stripping, avoiding taxes, and firing workers to cut costs and increase their own profits. A German politician once described them as locusts.

Such criticism was rare in Dubai, a city dedicated to making money. Business success was all that mattered, and Arif now had bragging rights because he had completed the first-ever leveraged buyout in the Middle East with the Inchcape deal.

Restaurants sprang up across Dubai to serve cuisine from every corner of the world. Arif dined at Sho Cho, a Japanese restaurant on the city's shimmering waterfront that was a favorite for international residents. He got to know a crowd of similarly ambitious dealmakers. Prominent among them was Shirish Saraf, a fast-talking young Indian who was obsessed with parties, women, and sports. Shirish was an exuberant character with a big smile, an athletic build, flowing hair, and an aquiline nose. He had led takeovers of Middle Eastern companies including Memo Express, a parcel courier.

The friendship that bloomed between Arif and Shirish reflected a special quality about Dubai—the city enabled people from regions torn by conflict to overcome traditional rivalries and work together.

Shirish was a proud Hindu whose family hailed from Kashmir, the mountainous region of northern India that Pakistan and India intermittently fought each other to control.

Shirish and Arif bonded in Dubai over a shared enthusiasm for deals and making money. They also discovered that they came from similar backgrounds. Both attended elite schools that British colonialists had built in their countries—Shirish attended Mayo College in Rajasthan, whose founder intended it to be the Eton of India, and then went to Charterhouse School in England. Both Shirish and Arif graduated from the London School of Economics and were obsessed with cricket and Shakespeare. They drank, joked, and brainstormed about companies to buy. Shirish loved Arif's grand plans and easy charm. He thought some people mistook Arif's cockiness for arrogance, and he liked him for that, because he thought that he, too, was sometimes misunderstood for the same reason.

Shirish became a regular guest at Arif's home in Dubai. He thought Fayeza, Arif's wife, was a lovely human being—as straight as an arrow. Fayeza and Arif were welcoming and stylish hosts, warm but not flashy. Arif treated Shirish like a younger brother and they introduced each other to their parents. Shirish's father and mother were wary of Pakistanis but they soon warmed to Arif. The two dealmakers agreed to explore ways to work together.

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Arif joined the Young Presidents' Organization to widen his network in Dubai. The organization for chief executives was founded in Rochester, New York, in 1950 and was expanding globally to spread the gospel of American entrepreneurialism. Arif became chairman of the U.A.E. chapter.

It was at a Young Presidents' Organization event that Arif first met Fadi Ghandour, who turned out to be a crucial connection. The tall, thin entrepreneur from Jordan was the founder of Aramex, a courier company known as the FedEx of the Middle East. Fadi's cool, pro-