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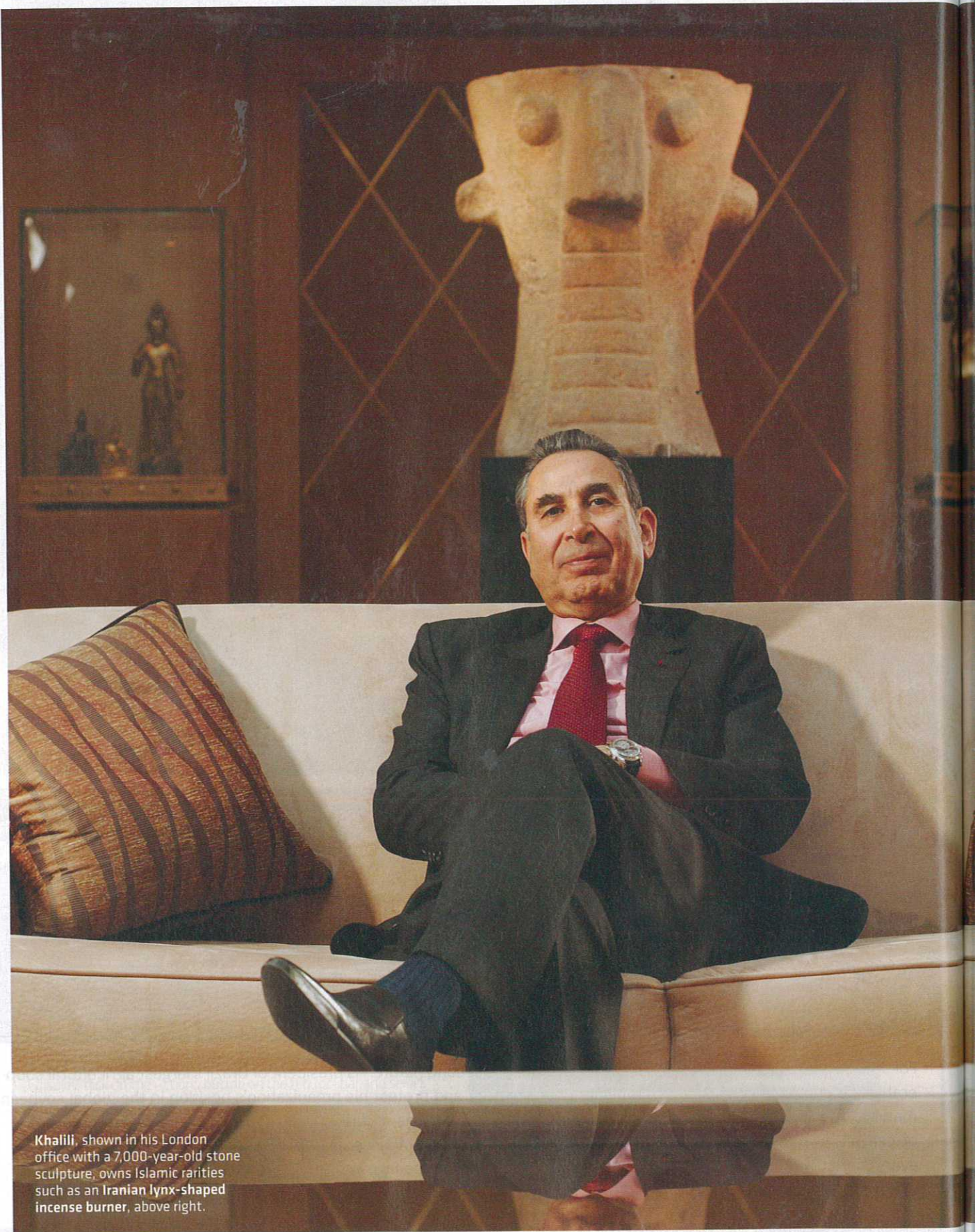
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**On the cover:** Mikhail Prokhorov stands in front of his Maybach car and gated mansion outside Moscow.

JUSTIN JIN/AGENTUR FOCUS (COVER); OLEG NIKISHIN/GETTY IMAGES; DAVID YELLEN; COURTESY OF THE KHALILI COLLECTIONS; CLAUDIO PEREZ





Khalili, shown in his London office with a 7,000-year-old stone sculpture, owns Islamic rarities such as an Iranian lynx-shaped incense burner, above right.





# Getting Rich Through Islamic Art

*Nasser David Khalili, who left Iran in 1967 with \$750, has stealthily amassed the world's largest private collection of Islamic treasures.*

**By WILLIAM GREEN**

**Photograph by PHIL FISK**



**N**ASSER DAVID KHALILI stands in an exhibition hall in St. Petersburg's Winter Palace, gazing at an 18th-century painted enamel of flowers that's one of 25,000 works of art he owns. "I'd have paid anything for it," he says, appraising this miniature by Frenchman Philippe Parpette. "There's no way I'd have let anybody else buy it."

Khalili, 64, an Iranian-born billionaire who lives in London, has come to Russia to unveil his fifth art collection: On this overcast December afternoon, 320 of his 1,200 enamel treasures will go on display at the State Hermitage Museum, home to the collection of Catherine the Great. Having flown in on a chartered plane, Khalili is relishing a private preview, peering through tinted eyeglasses at such possessions as a gilded clock with matching candelabras that once adorned the home of U.S. railroad tycoon William Vanderbilt. Khalili, who says he has a photographic memory, recalls paying \$16,500 for these three pieces 34 years ago. He estimates that they'd now cost \$600,000.

In all, Khalili says the enamels he has lent the museum are insured for more than £100 million (\$151 million). Even so, they are a trifle compared with the obsession that's consumed him for four decades: his 20,000 pieces of Islamic art. "His collection is certainly the best in private hands," says Edward Gibbs, Sotheby's London-based head of Middle Eastern art. "He is the man who has everything. He's come to define the market."

Khalili is revealing his latest collection just as the \$43 billion global art market is showing signs of reviving—with an Alberto Giacometti sculpture selling for a record £65 million in February to a buyer later identified as London-based billionaire Lily Safra. In the Islamic art world, prices for the best pieces have been buoyed by a new generation of Middle Eastern buyers, including museums in Qatar and Abu Dhabi. "There's fierce competition for anything unique, rare, beautiful or important," Gibbs says, noting that an Islamic textile Sotheby's estimated would fetch \$250,000 to \$350,000 in a March 2009 auction went to Qatar's Museum of Islamic Art for \$3.4 million.

The limited supply in this niche within the art market has made Khalili's collection all the more precious, says Claire Penhallurick, an Islamic art consultant for Bonhams auction house. She says it's impossible to guess what his entire collection is worth. "How could you value something that's unique and irreplaceable?" Penhallurick says. "If you had all the money in the world, you couldn't assemble his collection now." When an exhibition of 471 of Khalili's Islamic pieces opened at the Institut du Monde Arabe in Paris in October,



Khalili's enamels are unveiled in Russia's State Hermitage Museum in December.







The Iranian's 25,000 treasures include, clockwise from top left, a 19th-century Spanish casket, a Russian enamel, a Swedish mosaic textile, a Japanese vase and an illustrated world history that cost Khalili £12 million in 1990.

they alone were insured for almost £600 million.

The story behind how Khalili built his fortune has long been shrouded in secrets. As a property developer, he shunned publicity and didn't slap his name on buildings or the company that is his main investment vehicle. He has also operated under the radar when buying art. "During the collecting, I don't say anything," Khalili says. "When it's done, then I speak."

His elusiveness has fueled much speculation, often revolving around how he financed his collecting. Khalili, who left Iran in 1967 with \$750, says he's since spent \$650 million on art. London's *Sunday Times*, which estimated his fortune at £5.8 billion in 2007, gave up guessing his worth the following year and removed him from its annual rich list.

Khalili, whose works are held in a family trust, says he used subterfuge to amass his Islamic collection, pretending for several years to be an art dealer so he could acquire pieces at wholesale prices. While his stealth has often obscured the scale of his buying, the magazine *ARTnews* says Khalili is one of Britain's top collectors, along with Safra and private museum owner Charles Saatchi.

Khalili says he's aware of whispers within the art trade that he grew rich buying Islamic works for Brunei's Sultan Hassanal Bolkiah. Sitting in his office in London's Mayfair neighborhood, where the treasures on display include an 8th-century bronze camel and a 7,000-year-old stone sculpture, Khalili beats his chest with his hand when asked about the rumors. "I

didn't buy anything for anybody. Nobody, right?" he says. "I bought for myself. This is all bulls—, all right?"

The questions surrounding Khalili stem in part from his emergence in the 1980s as a trailblazer in Islamic collecting. "There was this sudden transformation," says William Robinson, director of Islamic art at Christie's International. "In the late 1980s he was the No. 1 buyer." Robinson and others thought he was buying as the exclusive agent for a powerful client. "It was assumed that the Sultan of Brunei was behind it," Robinson says. "I really don't know." Brunei's Ministry of Foreign Affairs didn't respond to requests for comment.

Britain's press also fueled speculation about the source of Khalili's riches. "He spends on a scale no art collector has done before," London's *Independent* wrote in 1994. "Yet no one knows where his money comes from. ... [Khalili] vehemently denies the suggestion that he has been secretly investing the sultan's money rather than his own."

*'I'm self-made,' Khalili says. 'I've done it all on my own.' The Iranian billionaire's 14-page resume features the headline 'Scholar, Benefactor and Collector.'*



Khalili says he met the Sultan of Brunei around 1984, after the U.K.'s Foreign Office asked him to advise the monarch on creating an Islamic gallery at the Brunei Museum. "He had about 10,000 pieces," Khalili says. "I chose about 1,000 pieces and said, 'Throw the rest away. They're junk.'" As a favor, he says, he selected several items for the Sultan to buy at auction and the Khalili family trust sold him a dozen pieces from its Islamic collection, including Qurans, metalwork and textiles, for about £4 million.

**K**HALILI DISMISSES RUMORS that he sold art to the Sultan at inflated prices, pointing out that he later convinced him to donate £10 million to the University of London for an Islamic gallery. "If you rip somebody off, would they turn around and give you £10 million to build a gallery?" he asks.

It's now obvious he was buying for himself, Khalili says, since his Islamic collection is cataloged in 19 books written by an army of scholars he has hired to document its provenance and authenticity.

Khalili, who has also built collections of Japanese Meiji art, Spanish metalwork and Swedish textiles since 1975, says the value of his artworks is irrelevant, because he will never sell them. "All five collections are priceless: £2 billion, £3 billion, £4 billion, it doesn't make any difference," he says. "These collections cannot be replaced."

His Islamic treasures include a 14th-century Iranian world history by Rashid al-Din Fadlallah, which he says cost him £12 million in 1990. "It's one of the

greatest illustrated manuscripts in the world," says Tim Stanley, senior curator for the Middle East at London's Victoria & Albert Museum.

Khalili, who holds both U.S. and U.K. passports, offered to lend his Islamic collection to the British nation in 1992 if the government provided a museum to house it. Khalili says he stipulated that the loan would become a gift after 15 years if the collection was exhibited to his satisfaction; if not, he could take it back. "The offer to the British government was a really terrible one," says Anna Somers Cocks, editor-in-chief of the London-based monthly *Art Newspaper*, because of this risk. After months with no response, Khalili abandoned the plan. Still lacking a permanent home, most of his artworks are stored in warehouses in London and Geneva.

*'He is the man who has everything,' says Edward Gibbs, Sotheby's head of Middle Eastern art. 'He's come to define the market.'*

Michael Franses, a U.K.-based retired dealer in rare carpets who's known Khalili since the 1970s, says this rebuff reflected Khalili's outsider status in his adopted country. "The British establishment was very closed," Franses says. "I don't think people trusted him because he was Iranian and strange and different."

That setback is a distant memory as Khalili strides through the Hermitage, musing on how far he's come since leaving Iran. His artworks have been showcased by 40 museums, including the Victoria & Albert and New York's Metropolitan Museum of Art. Khalili also prides himself on the honors he has won for his philanthropy. An observant Jew who says he avoids discussions of politics, Khalili co-founded the Maimonides Foundation in 1995 to foster dialogue between Jews and Muslims through sports, cultural events and education. He also endowed a research center for Middle Eastern culture at the University of Oxford. In recognition of Khalili's interfaith work, Pope Benedict XVI anointed him last year as a Knight Commander of the Pontifical Equestrian Order of St. Sylvester.

"I'm self-made. I've done it all on my own," says Khalili, whose 14-page resume is headlined: "Scholar, Benefactor and Collector."

Wife **Marion** and sons **Daniel**, left, and **Raphael**, right, joined **Khalili** at the exhibition in St. Petersburg.







Khalili lives in a **Mayfair mansion**, top. He spent £90 million on a **residence in Kensington**, above, which Marion says she considered too palatial to occupy.

Khalili sees no contradiction in being Jewish and owning an Islamic collection. "I fell in love with it because it was the most beautiful and diverse art," he says. In 2005, at the launch party for Khalili's book *The Timeline History of Islamic Art and Architecture*, Iran's then-ambassador to London, Seyed Mohammad Hossein Adeli, hailed him as "an ambassador for the culture of Islam."

Khalili's journey to the top of the art world began in Iran on Dec. 18, 1945. The fourth of five children, he grew up in Tehran. His mother counseled divorced women. His father—like his father before him—visited homes to acquire artworks he could sell for a few dollars profit.

As a child, Khalili tagged along when his father traded art, once joining him at the home of a former education minister with a collection of pen boxes. The 12-year-old yeshiva student was enraptured by a lacquer pen box painted with 800 men and horses, each one different. Khalili recalls that when he rhapsodized

about the box, the owner's eyes filled with tears. "He turned round to my dad and said, 'I'm not selling this to you. I'm giving this to your son,'" Khalili says. He still has the pen box in his Islamic collection. "So the first piece I didn't buy; I was given," he says.

After high school, Khalili did national service, training as an army medic. At 22, he left Iran for New York, where he worked at a Howard Johnson's restaurant while studying at Queens College, part of New York's public education system. One evening, as Khalili sipped cream to soothe an ulcer, the restaurant manager scolded him for taking it without permission. Khalili threw his waiter's jacket at his boss and decided he'd trade art to pay his school fees.

At an auction of Russian enamels months later, Khalili noticed the main bidder was Alan Hartman, whose family ran a Manhattan antiques store. Khalili borrowed several enamels from Hartman on consignment. He says he sold them that evening for a \$26,000 profit to Iranian collectors he knew on Long Island, where many wealthy Iranians were settling. (Khalili's four siblings have since moved there.)

Hartman, now 80, says he wanted to help because Khalili was a Jewish immigrant struggling to build a new life. "We felt sorry for him," he says.

"Alan and I did a hell of a lot after that," Khalili says. "In two years, I was a millionaire."

**F**RIENDS SAY IT was typical of Khalili that he'd launched himself by charming a stranger into lending him art. "He has a way of winning people over," says Sotheby's Gibbs. In person, Khalili exudes warmth: Meeting someone for the first time, he's liable to introduce himself with a hug. He stands close to people, resting his hand on their arm, shoulder or back.

Before graduating from Queens in 1974 with a bachelor's degree in computer sciences, Khalili was already amassing his own collection. "I used to buy a group of objects—let's say, 10 objects for \$100,000—keep 3 or 4 of the best aside and sell the rest for \$250,000," he says. "I used my knowledge to create money to finance my dream."

In 1978, Khalili married Marion Easton, an Englishwoman he'd met while buying jewelry from her in a London antique store, and they settled in the U.K. capital. They have three sons: Daniel, 28, a jewelry designer, and twins Benjamin and Raphael, 25, who invest family money in startups such as PlayPit Games Ltd., an online entertainment company.

In addition to dealing art, Khalili says he began in the late 1970s to buy commercial properties in the U.K., France, Portugal and Spain. "As he made money with property, he put it into art," says Franses, the retired



carpet dealer. "He was only ever interested in the art." Khalili approached him whenever he had cash to spare, buying such rarities as two 16th-century rugs that Franses says would now cost £2 million each.

**K**HALILI DEPLOYED MISDIRECTION to his advantage when he opened an Islamic art store in London in 1978. For three years, Khalili says he used the shop as a ruse to obtain dealers' prices. "I never sold anything there; I used that place as a decoy and bought unbelievable stuff," he says.

"His timing was impeccable," says Penhallurick. Islamic art was such a backwater that dedicated Islamic auctions didn't begin until the 1970s. Khalili—whose main rivals at the time included the Kuwaiti royal family and the David Collection, owned by a Danish foundation—says many pieces he acquired then would now cost 10 to 50 times more.

"Anything that is beautiful and was overlooked, I bought," says Khalili, who received a Ph.D. in Islamic lacquer at the University of London in 1988.

By the mid-1980s, Khalili says, his purchases were partly funded by venture capital investments that he declines to name. He says he made 30 times his money off shares he had bought in the late 1970s in a company developing technology to treat tumors. In 1987, he says he pocketed \$15 million from the sale of a private company that made indigestion pills.

Khalili says he stopped trading art around 1980 and bankrolled his collecting primarily with profits

"Business is the least of my pride," Khalili says. "Compared to collecting, it's a piece of cake." Still, he currently owns a 60,000-square-foot (5,574-square-meter) business park in Exeter, England; a 32,000-square-foot building in Mayfair; and a site in central London where he plans to build a 320,000-square-foot, 13-story office tower when the real estate market recovers.

"If he starts building in the next 12 months, it'll be very good timing as there's very little available in the market," says Gerald Ronson, CEO of London-based developer Heron International, which also bid for the central London site.

One personal property venture proved more problematic. In 1993, Khalili began combining two buildings in Kensington that once housed the Russian and Egyptian embassies into a 55,000-square-foot home. Khalili says he spent £90 million on the house, including £45 million on the refurbishment. He employed 400 craftsmen for 4 years, installing 3,200 square meters of marble, a Turkish bath and underground parking for 20 cars. Marion Khalili says she refused to move in, deem-

ing the house too palatial.

In 2001, Khalili unloaded the property for £50 million to Formula One tycoon Bernie Ecclestone, who sold it to steel magnate Lakshmi Mittal for £57 million in 2004, according to public records. Khalili now lives instead in a seven-story Edwardian mansion in Mayfair.

These days, Khalili says, his buying of Islamic art has slowed. With competition intensifying, he's turned his attention elsewhere. One afternoon in late February, he reveals that he's already begun his sixth collection. This time, Khalili says, he's acquired an existing trove of nearly 200 pieces, to which he'll add more treasures.

And the collection's theme? "I'm not telling you," Khalili says with a smile. With that, he draws a veil on the next chapter in the improbable story of the Iranian yeshiva student who became the world's leading private collector of Islamic art. **B**

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*Khalili says he has no intention of ever selling his artworks. 'All five collections are priceless: £2 billion, £3 billion, £4 billion, it doesn't make any difference,' he says.*



The first piece in Khalili's Islamic collection was this **19th-century Iranian pen box**, given to him when he was 12 years old and living in Tehran.

from property. In a typical deal, he says, he paid £32.5 million in 1992 for Cameron Toll, an Edinburgh shopping mall, selling it two years later for £55 million as the market revived. Public records show Khalili has owned various private property companies. His main vehicle, Favermead Ltd., was incorporated in the U.K. in 1992 and sold £97 million of property in 1995 alone, according to the company's financial statements.