

US crypto entrepreneur arrested in Dubai alleges torture by police

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An American cryptocurrency entrepreneur locked in a legal dispute with Sam Lee, the CEO of the collapsed crypto fund HyperVerse, has been detained in Dubai and alleges police have tortured him into signing a false confession, the Guardian can reveal. Edel Hsieh, 43, from California, was first arrested in March at Dubai's airport while attempting to fly to London. Police beat him during his interrogation, he said. "They torture us for our confession," said Hsieh on a jail call recording obtained by the Guardian. "They said, 'I will rape you, hold you, and send you back to China.' They slammed my head against the table, my arms were twisted and held up behind me." When the police saw pictures of his wife on his phone, they threatened to rape her too, and the police also demanded money from him, he said on the call. The US consulate in Dubai said it could not help him. "They used tools or something sharp to jam into my ribs," said Hsieh. "They kept on punching." The entrepreneur suspects one of his other business partners besides Lee has retaliated against him by filing a suit alleging theft, according to his wife. She claims this legal complaint is the cause of Hsieh's arrest and detainment. Financial disputes can be criminalized and result in arrest in Dubai. Hsieh has been detained at Al Barsha jail in Dubai for the past two months. On 1 May, while still incarcerated, he was notified he would be charged with theft and "committing a felony", his wife said, and he has signed a confession. His wife requested anonymity, as she fears backlash for speaking out about his detention. She is currently living in another country in the Middle East and is scared of returning to the UAE, she said. A spokesperson for the United Arab Emirates did not immediately respond to a request for comment. "He has been wearing the same clothes since 5 March; the police do not allow them to receive clothes or see anyone from outside," she said. She claimed Hsieh was suffering from a severe eye infection, had breathing difficulties due to allergies, and had not been granted access to medication. Hsieh first moved to Dubai to develop Fomodex, a cryptocurrency exchange company that shut down in 2022, with Lee and another partner in 2021, Hsieh's wife said. After Hsieh raised objections to the way the business functioned, which he came to believe was fraudulent, he requested Lee refund his investment, his wife alleged. Lee provided Hsieh with cheques purportedly totaling \$2.7m that then bounced, so Hsieh filed a case against him, but it was rejected by the court, according to emails from Hsieh's lawyer. In a statement, Lee denied that he and Hsieh had been business partners, writing: "I advised him on a few things." When asked if he had ever heard of Fomodex, Lee said: "Yes, provided some technology, nothing more." Regarding Hsieh's lawsuit, Lee wrote: "There is no dispute," despite acknowledging that he knew of the suit and its allegations of cheque forgery. Lee denied any involvement in Hsieh's arrest and expressed concern for his wellbeing, referring to him as an "old acquaintance" who "just disappeared". Lee said the lawsuit had resulted in travel restrictions being imposed against him by the Dubai authorities, preventing him from traveling without a guarantor. Lee was charged

in the US in January with conspiracy to commit fraud for his alleged role in HyperVerse, which American prosecutors have called a \$1.89bn “pyramid and Ponzi scheme”. The UAE does not have an extradition treaty with the US. Lee denied any responsibility of the HyperVerse scheme and called the US Department of Justice “an embarrassment” for charging him. “[There is] no evidence whatsoever,” he said. Lee’s indictment followed a Guardian Australia investigation that revealed details of the company’s operation, including using a fake chief executive officer to launch HyperVerse. Lee has promoted a new investment project since the charges were announced and recorded a video telling followers: “It can only get better from here.” The US consulate in Dubai is aware of the situation and has stated in emails to Hsieh’s wife it cannot intervene on his behalf. According to correspondence reviewed by the Guardian, a representative has visited Hsieh in custody. “The person from the consulate saw the marks and bruises on Ed’s body, but the police did not allow them to take photos,” Hsieh’s wife said. A spokesperson for the state department said: “We have no higher priority than the safety and security of US citizens overseas. When a US citizen is detained abroad, consular officers seek to aid him or her with all appropriate assistance.” Hsieh’s wife is concerned her husband could be detained indefinitely. “I just want him out,” she said. “I don’t want him to waste his life in there. We are planning to have a baby and are preparing to do IVF. This is ruining our lives. He’s a good guy and he has lost a lot of money to these scammers.” Allegations of abuse and torture at the hands of Emirati police are common among foreigners who have been detained in the country. They include the British academic Matthew Hedges, who was arrested on spying charges and tortured in the UAE in 2018. He was subsequently pardoned. The British tourist Ali Issa Ahmad, who was detained for wearing a Qatar soccer shirt 2019, later launched legal action against Emirati officials he said tortured him. The UAE has undergone a drive to become a global center for cryptocurrency businesses since 2022, when Dubai announced the launch of the Virtual Asset Regulatory Authority (Vara), the world’s first independent crypto regulator. Major crypto exchanges, such as Bybit and Crypto.com, are among those that have established a hub in Dubai. The Binance founder, Changpeng Zhao, also made his home there before he pleaded guilty to money laundering violations in the US and was sentenced for four months in prison in April.