

Luxembourg fund accuses Belgian businessman, says millions missing

Complaint is one of several brought by new directors at LFP I fund company

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Dewaegenaere says he has plenty of material to show the accusations are false

Photo: Matic Zorman

A Luxembourg fund company has filed a criminal complaint against a Belgian businessman and his associates who the fund alleges cheated it out of millions of euros through a series of real estate deals.

The complaint - which was seen by the *Luxembourg Times* - describes a number of transactions that have gained public attention in Belgium, because they involved landmark buildings such as a castle near Antwerp that used to house a chic restaurant.

The dispute is part of a much larger problem at the fund, called LFP I SICAV SIF S.A., a Luxembourg umbrella structure that allowed others to set up sub-funds within it, and then sell the shares to investors.

At one stage, it had at least 11 such sub-funds. But several of those lost the money that investors had trusted them with, leading to a flurry of legal actions from two new directors who were brought in to recover the cash.

The complaint, which was filed at the Court of First Instance in Antwerp, centres around just one of the sub-funds, called Equity Power Fund (EPF), in which 92 investors had poured a total of €80 million.

The Belgian businessman behind EPF, Levi Dewaegnaere, sees things very differently. He says he himself is the victim of a campaign of defamation and extortion, waged by the new directors.

In a long conversation with the *Luxembourg Times*, he said that he has ample material to prove that EPF - including the transactions - is clean.

"No money ever disappeared from EPF. That's one hundred percent certain," he said during an interview in Namur, Belgium.

Business dealings

Dewaegnaere - who was forced to give up his ambition to become a professional tennis player when he was injured at the age of 18 - on his website describes how he set up two companies: Waegener, a healthcare firm, and a real estate developer company Urban Capital Group.

Belgian newspaper De Tijd reported this month that the Antwerp commercial court pushed Dewaegnaere aside as a director of Urban Capital Group in June, following an earlier complaint by LFP I.

But Dewaegnaere said that the court had acted solely upon information from his opponents, and that he was confident that decision would be reverted once he was given a chance to be heard himself.

Dewaegnaere was also given a suspended 10 months jail sentence for two false invoices he had sent from his first company, Waegener, when it went bankrupt. But in the interview, he stressed that he had appealed that decision, and that his criminal record therefore is still clean.

The new complaint by LFP I alleges that Dewaegnaere inflated the price of a property he bought in the port of Antwerp by more than twofold, to then secure an €18 million loan to refinance the property from LFP I.

The complaint also lists a number of other properties that EPF had secured financing from LFP I, but that LFP I alleges were worth much less than EPF said, or that EPF did not own at all.

The Antwerp court said it was taking the complaint - which is not public - seriously, and that it would study it. There is no need for a court to act on a complaint, unless it sees merit in a case, which means Dewaegnaere might never have to formally defend himself.

Dewaegnaere denied all the allegations, and said that he has the documents to show that these transactions were legitimate.

He also showed several emails sent by the two new directors, threatening to publish defamatory information about Dewaegnaere and his wife - Inge Caes, who joined him during the conversation with the *Luxembourg Times* - if they didn't comply with their demands for money.

The new directors were put at the head of LFP I late last year by investors who lost their money. One is David Mapley, a financial investigator who heads the asset recovery firm Intel-Suisse, and the other is Tudor Fedeles, a financial analyst based in Luxembourg.

They have launched a range of lawsuits in Luxembourg and elsewhere in an effort to recover the lost money.

LFP I was set up by two men, called Luc Leleux and Julien Renaux, in 2010. In December 2017, it was acquired by Alter Domus, one of Luxembourg's largest fund services firms.

Columna, a hedge fund that collapsed in February 2017, was another sub-fund within the LFP I structure. LFP I has sued Alter Domus over the loss of money, seeking more than \$50 million in compensation.

Alter Domus declined to comment beyond a statement it made when the lawsuit against it was first launched, saying that it had spotted the suspicious activity only after the acquisition.

Since it took charge, LFP I's new management has put Blackstar Commodities - another sub fund - into liquidation, according to a letter to shareholders. The letter also states how 80% of the assets in yet another sub-fund - Aventor - were technically in default since December 2014.