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LFP I SICAV FILES GROSS NEGLIGENCE LEGAL COMPLAINT AGAINST LUXEMBOURG REGULATOR CSSF

LFP I SICAV (“LFP1”) has filed a gross negligence claim against the CSSF, Luxembourg's financial markets regulator, in the Luxembourg Commercial Court. The claim is for approximately € 100 million of damages, reflecting investor losses.

The legal complaint relates in part to the CSSF's failed prudential supervision of 4 sub-funds of the LFP I umbrella fund, Aventor, Blackstar Commodities, Columna Commodities and Equity Power Fund since 2012/13 when they launched. All have been investigated and identified as Ponzi schemes, and are now subject to almost 30 cases of civil and other legal complaints in Luxembourg and Belgian courts.

Investors suffered calamitous losses across all 4 sub-funds, and the new directors spearheading the financial investigations and asset recovery, led by David Mapley, have been flatly denied fund documents, fund bank statements, even LFP I correspondence with the CSSF from the various service providers and the CSSF itself. Director Mapley has openly accused the CSSF of obstructing ongoing criminal investigations, and has been sanctioned by the CSSF for his efforts. He has filed complaints against the CSSF with :-

European Securities and Markets Authority (ESMA)

Article 17 giving ESMA the discretion to investigate the failure of a competent authority to apply legislation referred to in Article 1(2) of the ESMA Regulation.

Breach of MIFID II – Investor Protection regulations

and the

European Banking Authority (EBA)

Breach of Directive (EU) No 2018/1673 (amending Directive (EU) 2015/849 of the European Parliament and of the Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing).

Breach of Regulation (EU) No 2019/2175 (amending inter alia Regulation (EU) 1095/2010) establishing a European Supervisory Authority (European Securities and Markets Authority, defining the roles of National Competent Authorities in adopting ESMA legislation, including anti-money laundering measures.

He cited cases where the CSSF repeatedly failed to act as a supervisory regulator, and furthermore refused to help obtain LFP I's own bank records from Societe Generale Bank & Trust, Luxembourg, key to investigating where monies were embezzled in 2015-2016 across all 45 sub-funds, in essence helping to cover up potential money-laundering.

The complaint also highlights the CSSF's concerns as early as 2013 about the structure of various sub-funds, and the lack of prudential supervision follow up by the CSSF – indeed the mismatch of sub-fund monthly liquidity versus investment loans of 3-5 years directly encouraged the Ponzi-style fund marketing and NAV manipulation. In early 2016 the CSSF highlighted 9 sub-funds in serious breach

of diversification and non-compliance of investment guidelines, yet the fund continued to operate without limitation until the subsequent sub-fund NAV suspensions. Almost three years later the alleged underlying frauds and service provider failings were discovered by the new directors. Due diligence warning reports provided to the CSSF in the past were never revealed to the new directors, despite most other fund records also having been withheld from the new directors, and which would also have had a significant bearing on recent investment decisions. The complaint alleges the severe lack of investor protection motive throughout the CSSF's interaction with LFP 1.

The “independence of NAV accounting” marketing claim by LFP I was directly contrary to the shareholding taken in the Investment Manager (“Luxembourg Fund Partners”) by the administrator, Apex Fund Services (Malta) Limited in April 2013, with 2 Apex directors also appointed to the Manager. This was never revealed to investors – and of more concern is Apex's assertions that this shareholding was “brokered” by the CSSF itself, in essence sowing the seeds of conflicted interest. LFP I directors Mapley and Fedeles subsequently revised NAV's for 2 sub-funds down to zero in discovering investment losses concealed from investors for extended periods.

LFP I is now without a depository bank (Quintet Bank resigned, being sued for alleged asset losses), thus currently operates under CSSF supervision. CSSF Supervisory Officer Serge Eicher has been asked repeatedly for LFP I historic documentation, and refuses to provide it – and yet he is on record asking pertinent questions and raising concerns about LFP I's sub-funds from 2013 to 2015. Such refusal to provide the fund's own documentation is also an allegation in the complaint, where the CSSF alleged cover up prevails over investor protection and fraud investigation, yet deemed to be acting in the “public” interest.

In summary, the legal complaint addresses :-

- the CSSF's role as a money laundering investigator, yet in LFP 1's case acting in an opposite manner
- the CSSF's role in actively creating an AIFM/Administrator conflict of interest and lack of NAV accounting independence
- the CSSF's role in failing to protect investors – rejection of investor complaints with "well-informed investor" response when multiple fraud and service provider failings has occurred
- the CSSF allowing sub-funds to launch with no prior relevant experience of involved personnel
- the ongoing concerns and the lack of CSSF to actually act on those identified concerns
- how with 3 sub-fund collapses in 2016/17 LFP I still continued in operation allowing future frauds and investor losses to occur

The complaint seeks damages in the form of all current investors in the 4 referenced sub-funds being returned their investments in full.

Director Mapley was the whistleblower against Goldman Sachs over the Timberwolf sub-prime investment in 2007, and subsequently investigated the sub-prime crisis for the US Senate Sub-Committee for Investigations under Senator Carl Levin – in Luxembourg such whistleblowing resulted in CSSF sanctions against him personally based on false information, with not one alleged fraudster or failed service provider being held accountable for investor losses by the regulator.

For more information :- www.intel-suisse.com/press.php