

LFP I funds firm at centre of criminal investigation

Investigative judge warned against asset transfer "in the course of criminal proceedings"

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District court in Luxembourg City

Photo: Chris Karaba

A Luxembourg judge has issued a warning against the transfer of the remaining cash in one of the funds of embattled investment firm LFP I, a first official sign that crime may have played a role in asset losses one shareholder group estimates to be worth €100 million.

The transfer of the assets from sub-fund EPF to the private equity fund of a third party investment firm - Open Capital SICAV - with a view of dissolving and liquidating EPF, would constitute a crime, an investigative

judge said in a letter to the court-appointed administrator of LFP I.

"We are in the presence of facts that could be classified as attempted misappropriation of property seized in the course of criminal proceedings," the judge said in the letter in January.

It was the first public sign authorities are suspecting that crime led to the demise of LFP I, a matter which the CSSF financial regulator has never addressed in any detail despite a long series of public court fights between shareholders, service providers and others.

Following the warning, a general meeting of shareholders in January did not pass two resolutions aimed at the transfer of assets from EPF.

LFP I is operating under a court-appointed administrator after a group of shareholders pushed for his appointment and the three former directors failed to be reelected at their annual meeting this year.

Anyone who has fraudulently destroyed or misappropriated moveable assets can be punished with imprisonment from one year to five years and a fine ranging from €500 to €10,000, the judge said.

"No one may validly dispose of the assets seized in the context of criminal proceedings," the investigative judge said in the letter.

"Criminal cases [involving LFP I] are currently at the instruction stage," a spokesperson for the ministry for justice confirmed in an email.

"As these matters are all of great complexity, it is certain that the conclusions of these inquiries will not arise soon."

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