

EXCLUSIVE

# Police search Alter Domus, others in broad LFP I probe

As part of a criminal investigation aimed at defunct fund Columna



Exclusive for subscribers

**By Julie Edde and Douwe Miedema**

Police searched the offices of Alter Domus and a number of other financial companies in Luxembourg, the prosecutor's office has told the *Luxembourg Times*, as part of a criminal investigation into a now defunct commodities fund.

The search came after a request from authorities for information about Columna, a fund within investment company LFP I, a person with direct knowledge of the situation said. Alter Domus bought the management company of LFP I in 2017, renaming it Alter Domus Management Company.

At that time, Columna had already been suspended and put into liquidation.

"The only reason that Alter Domus offices were searched is that this historical information sits with Alter Domus Management Company given that they acquired LFP," the person with direct knowledge of the situation said.

LFP was the name of LFP I's management company before the acquisition. Such administrative parents of investment firms are responsible for asset valuation, regulatory compliance and other tasks related to the investment process.

Problems in Columna and other funds within LFP I led to an estimated €100 million in shareholder losses, which came to light briefly after the acquisition, sparking a flurry of lawsuits to recover the money.

The Luxembourg Times in February spoke to eight shareholders who had lost their savings by investing in LFP I, as well as to a dozen or so people who were involved in the company at the time that the money disappeared, but was not able to establish an independent picture of what caused the losses.

The search of Alter Domus's offices took place in December, a spokesman for the prosecutor's office said. Both the spokesman and the person with direct knowledge of the situation said that related searches had taken place in the offices of a number of other companies in Luxembourg.

"Several cases in more than one dossier are currently taking place. Because the investigations have not been concluded in all these cases I cannot enter into any detail as to the various searches that have taken place," the spokesman said.

The police seized files, folders and computer hard drives, according to a second source, who had learned about the matter during legal proceedings.

Alter Domus declined to comment.

Other firms that provided services to LFP I include Société Générale, which became the fund's custodian bank in March 2015, replacing ABN Amro (now part of BNP Paribas) in that role. In October 2016, KBL - now called Quintet - replaced Société Générale. Apex Fund Services was LFP I's so-called administrator, domiciliation and transfer agent, and was replaced by European Fund Administration (EFA) in March 2016.

When asked about the searches, Société Générale and BNP Paribas did not reply to a request for comment. Quintet, Apex and EFA all declined to comment.

## **More than one probe**

The probe into Columna constitutes a second criminal investigation, after an investigative judge in February issued a warning against the transfer of the remaining cash in another LFP I fund, EPF, with a view of dissolving and liquidating it. Doing so would constitute a crime, the judge said.

That 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 publicly in any detail, despite a long series of public court fights between shareholders, service providers and others.

The fund in a complaint against the Commission de Surveillance du Secteur Financier (CSSF) alleged last year that the Luxembourg regulator denied them access to documents such as bank records and correspondence from the CSSF and LFP I when it was still run by former directors.

LFP I is now operating under a court-appointed administrator after a group of shareholders pushed for his appointment and three former directors trying to recoup investor losses failed to be re-elected last year.

Emails from the CSSF seen by the *Luxembourg Times* from between 2013 and 2017 warned the LFP I board of directors about a lack of diversification, large variations in the monthly value of the funds and erroneous figures.

Alter Domus employs around 800 people in Luxembourg, where it is headquartered. Private equity firm Permira holds a minority stake in it. Luxembourg is the second-largest fund administration centre in the world after the US, with around €4.6 trillion under management.

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