

INTEL SUISSE

Global Financial Investigators & Asset Recovery
London - Geneva - Singapore
www.intel-suisse.com

4 August 2021

Intel Suisse alleges CSSF fails to uphold MIFID II, fails to protect investors.

Intel Suisse is currently conducting a survey of LFP I SICAV SIF SA (“the Fund”) investors, following its investigations revealing 4 Ponzi schemes and alleged gross negligence by the CSSF, now subject to a legal claim in the Luxembourg civil courts filed late 2020.

The survey, across investors in sub-funds Aventor, Blackstar Commodities, Columna Commodities and Equity Power Fund, shows declarations of investors' pensions and savings that have been lost. A common theme is the rejection of investor complaints by the CSSF, hiding behind the “well-informed investor” status, in contradiction to the multiple frauds and Luxembourg service provide failings that took place. The former directors of LFP I filed up to 40 civil, criminal and money laundering complaints in 2019/2020, currently working their way through Benelux courts.

Investigations into the CSSF actions, (or “lack thereof”), highlighted many areas of contention in compromising investor protection :

- authorisation of “monthly liquidity” funds engaged in zero-coupon term lending, thus a severe mismatch in fund liquidity that ultimately encouraged fictitious NAV's for the purposes of attracting more investors.
- authorisation of sub-funds with no investment manager experience or with advisors whose public backgrounds indicated serious past fraud.
- CSSF brokering of a shareholding and executive director roles of the fund administrator into the investment management company (in 2013). This conflict of interest was concealed from investors until exposed by Intel Suisse in 2018.
- CSSF concerns into extreme lack of diversification and inexplicable use of Hong Kong subsidiaries was never followed up; such issues and breaches directly led to sub-fund collapses.
- with new directors appointed late 2018 and immediate mass resignation of all service providers and auditor, all past fund records became “unavailable” or were withheld – while all entities were regulated by the CSSF, including the custodian bank, the directors were repeatedly rebuffed in asking the CSSF to request past key documents – bank statements, investment information, even correspondence between the CSSF and past directors. All highly relevant given the civil, criminal and money laundering complaints being filed. The CSSF stated that it was “not an archive” for the investigating directors, despite the clear multiple frauds and criminality being uncovered and a past legal precedent in 2015 (LuxAlpha).
- CSSF withheld a key due diligence report on the advisory team of Equity Power Fund, compiled by Alter Domus Management Company SA (the former AIFM), failing to provide it to the new directors who were taking investment decisions as

the CSSF approved new AIFM. Alter Domus also failed to provide this report to the new directors.

- with the mass-resignation of the fund service providers in late 2018, the CSSF actively “interfered” in efforts to appoint a new custodian bank, placing the fund into supervision and thus under their control 3 days after a lapsed deadline (versus the statutory 2 months period). The CSSF supervisory officer was the same officer who failed to follow up questioning the directors about the sub-funds structures, redemption/subscription irregularities and use of Hong Kong subsidiaries in 2013-2015. (This CSSF supervisory officer is part of the ruling government party).

The net result is a very angry and disenchanted shareholder base, who could face a similar situation as with Luxalpha (13 years with no investment returns to investors in this Luxembourg-regulated Madoff feeder fund) and even more recent CYBERServices SA. One might opine that the CSSF is more involved in “CYA” over its past failings that upholding MIFID II on behalf of trusting investors. The gross negligence legal claim should be quite revealing as it is argued...

For more information :- www.intel-suisse.com/lfp1.php