

Law firm A&O told to drop client over conflict of interest

Luxembourg bar association rules in favour of troubled fund LFP I

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Allen & Overy's brand-new building in the Kirchberg business district

Photo: Chris Karaba

Luxembourg's bar association ordered Allen & Overy to stop working on behalf of fund services firm Alter Domus after a complaint the mandate constituted a conflict of interest for the magic circle UK law firm.

The ruling is a win for investment fund LFP I, which initiated the arbitration case, as it is suing Alter Domus as part of a much wider legal battle over millions of euros of losses in asset value.

A&O's work for LFP I's opponent showed the law firm had switched sides,

LFP I argued, because it had represented the fund itself in a related case.

"Allen & Overy must give up the mandate it is exercising on behalf of" Alter Domus, said the ruling, which was seen by the *Luxembourg Times*.

The ruling is not public, and the bar association said it "does not comment these kind of decisions". It also said that rulings by the bar association on such disputes between lawyers are "quite frequent".

Allen & Overy in Luxembourg declined to comment on the matter. Alter Domus did not answer several requests for comment.

Alter Domus bought Luxembourg Fund Partners, the management company of LFP I, in December 2017, putting it in charge of financial and risk management, compliance and other administrative tasks at LFP I.

But shareholders appointed new directors late in 2018, when they found millions of euros had gone missing from LFP I, an umbrella structure that allowed other managers to set up sub-funds within it.

The new directors sacked Alter Domus as the fund's management company, and have since filed several lawsuits against it. Alter Domus had hired Allen & Overy to defend it against LFP I in one case concerning Columna, one of the several sub-funds under the umbrella structure.

But the law firm had earlier been working for LFP I itself to defend it against a shareholder claim in a related case, which had to do with the Aventor sub-fund, according to the ruling of the bar association.

The case should "be seen from the perspective of the principle of sensitivity which a lawyer should be able to prove for every aspect of his professional life at every stage of his relations with clients," the bar said.

Allen & Overy argued the two cases were separate because they involved different sub-funds within LFP I, but the bar association said that sensitive information could have been compromised regardless.

LFP I is seeking more than \$50 million in compensation from Alter Domus

over the collapse of Columna. In the Aventor case, it is seeking almost €6 million in damages from PricewaterhouseCoopers in Luxembourg, saying the audit firm should have warned of losses earlier.

The fund has also filed [a criminal complaint against a Belgian businessman and his associates in an Antwerp court](#), alleging the group cheated it out of millions through a series of high-profile real estate deals with the EPF sub-fund, in which 92 investors had poured a total of €80 million.

In Luxembourg, they have filed a claim against the three original directors of LFP I, a criminal lawsuit against unknown defendants, and a claim against Société Générale Bank & Trust, Columna's custodian bank.

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