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Fund director responds to CSSF administrative measure

David Mapley, elected director of LFP I SICAV SIF (“LFP 1”) by shareholders in late 2018 and charged with a mandate to recover defrauded and lost assets, issues this response and opinion on a personal basis to the CSSF recent punitive measures announced against him:-

LFP I, the “Luxembourg crime of the decade”, follows on from the Landsbanki Luxembourg and Luxalpha debacles where defrauded investors were apparently not supported by the CSSF when requesting protection and assistance. Mapley and his colleagues have initiated more than 20 civil and criminal cases in Luxembourg and Belgium, with more to follow, across 3 sub-funds now designated Ponzi schemes (named after the notorious US swindler Charles Ponzi). Many big name service providers are involved in addition to former directors and advisors.

Unfortunately, a growing obstacle to the investigations lay with the CSSF, who have hindered the directors' investigations into sub-fund frauds by being unwilling to provide bank statements and key documents, including fund answers to CSSF enquiries into diversification breaches in 2015/16 prior to sub-fund collapses. In addition, numerous complaints have been filed with the CSSF re NAV Calculation Errors and NAV manipulation, Insider Trading, Service Provider failings, and more importantly the discovery of the 3 Ponzi schemes dating back to their 2013 launch.

Despite the extensive reporting to the CSSF of the 20+ legal complaints, with full dossiers of facts and supporting evidence, the CSSF has so far taken minimal steps in addressing these losses. Mapley became aware of investors appealing to the CSSF in the past, to be rejected as “well-informed” investors, despite the alleged frauds and service provider failings. In light of the obstructive tactics, Mapley led the effort to initiate complaints under Article 17 against the CSSF to ESMA and the European Insurance & Occupational Pensions Authority, as well as writing to Finance Minister Gramegna citing concerns re lack of investor protection in Luxembourg. Furthermore, as Mapley was in charge of the representation with the media, his efforts resulted in a vocal press coverage of the LFP I matter (sometimes to the displeasure of CSSF, i.e. the FT article headlined *Luxembourg regulator accused of failing to protect investors*)

The CSSF has finally acted – not against the fraudsters et al, but in a way strikingly similar to the Dubai Financial Markets Authority sanction against the Deutsche Bank Head of Compliance in the Kaloti money laundering case. Based on information provided by one of the alleged fraudsters of a sub-fund, the CSSF accused Mapley of withholding information on his application to be a director of the defrauded vehicle and also on an ongoing basis re current litigations, despite Mapley's rejection of their allegations and evidence that such a claim was unfounded.

Please note, over € 100 million of investors' money has been lost and stolen across 4 sub-funds – we still encourage the CSSF to act against the many perpetrators..

Mr Mapley will appeal the matter through a process in the administrative court.”

David Mapley
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