

## **Fund service group Alter Domus hit with \$55m lawsuit**

Tags: [COLUMNNA COMMODITIES FUND](#) | [luxembourg](#) | [Scam](#) | [SICAVS](#)

By [David Robinson](#), 26 Apr 19

### **Luxembourg fund group unit sued for losses linked to former management group of failed commodities fund**

Luxembourg-based fund platform and administrator Alter Domus is being sued for damages over losses relating to a failed Sicav sub fund it acquired late in 2017 after it had gone into liquidation.

The action is being led by financial investigator David Mapley who [represents investors](#) that lost money in the collapsed Columnna Commodities fund.

Mapley was elected to the board of Columnna's umbrella fund – LFP I Sicav – in December last year and the legal action seeks to recoup about \$55m in lost assets and fees.

Columnna is a sub fund of LFP I Sicav, whose management company – Luxembourg Fund Partners (LFP) – went into liquidation in early 2017 and was subsequently acquired by Alter Domus in December that year and renamed the Alter Domus Management Company.

Alter Domus is backed by European private equity group Permira.

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In late 2017, LFP I Sicav's assets under management totalled about €400m, according to *Reuters*. LFP I Sicav's assets under management now total around €80m.

An Alter Domus spokesperson said: “Following the acquisition of the management company Luxembourg Fund Partners (LFP) in December 2017, Alter Domus Management Company became aware that between the years 2013 to 2016 significant issues occurred at the Columnna Commodities Fund (in liquidation as of February 2017) – an LFP I Sicav sub-fund, for which LFP was the Alternative Investment Fund Manager.

“Since December 2017, and in line with our regulatory obligations, we have worked closely with the relevant authorities to understand the true extent of the historical activity. We have engaged various external firms to assist with our investigation, the findings of which has led to the commencement of legal actions. Our ability to communicate throughout this process will remain limited until the legal action is settled.”

Alter Domus CEO Laurent Vanderweyen left the business in December.

### **Millions in losses**

Columna [suspended its operations](#) at the end of 2016 after acknowledging it was unable to recover assets loaned to a related company leaving scores of investors millions of euros out of pocket.

Columna had been marketed by LFP on the basis that it would invest in a range of commodity-linked assets but had, in fact, loaned the bulk of its subscriptions to a Hong Kong-based private company called Global Hill Corporation, which was wholly-owned by the umbrella fund LFP I Sicav.

According to Mapley, over four fifths of Columna's assets were invested in companies associated with a single firm, known as the Bstar Group, in contravention of the fund's diversification guidelines.

Mapley has described the scheme, when it was under the management of LFP, as characterised by "brazen theft and outlandish conflicts of interest", and argues that as Alter Domus took over the management company, albeit after it had collapsed, it must take some responsibility for how the money was lost.

Mapley is seeking the return of all money invested in Columna after mid-August 2016 before Alter Domus's involvement when the directors of the fund knew there were problems and that the net asset value was compromised.

To date, none of the money invested in the fund has been returned to investors.

### **A wider net**

Mapley heads Intel Suisse, a Geneva-based [asset recovery firm](#) and as chairman of the Board of Directors represents all shareholders in the collapsed fund.

Mapley and his co-directors took over LFP I Sicav in December last year after the move was approved by regulators. "The move gave us access to companies and records that hitherto were not there," he said.

In February, Mapley filed a lawsuit against French bank Société Générale over alleged breach of its custodial duty for its refusal to hand over bank records pertaining to Columna's operations.

"Through the legal [pressure](#), we have accumulated past historic records of the fund's operations which has allowed us to file for recovery of \$9m from Société Générale and a further approximately \$55m from Alter Domus Management Company," he said.

The Board of Directors of LFP I Sicav is investigating other sub-funds Aventor and Blackstar Commodities for similar losses in relation to Alter Domus Management Company. "We further anticipate, as more records become available to us, that further damages claims will be filed," Mapley added.

Mapley said while he had sympathy for Alter Domus which “acquired Luxembourg Fund Partners without sufficient due diligence” he said greater sympathy should lie with Columna’s 188 shareholders which have seen their investments wiped out.

**Story updated and amended on April 26**