

# Investors sue CSSF for not protecting against losses

CSSF lawyer calls the lawsuit a "publicity stunt"

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Tribunal district, Luxembourg

**Photo: Chris Karaba**

The troubled LFP I investment fund has sued the financial regulator in Luxembourg for gross negligence this month, seeking close to €100 million in damages to retrieve investor losses.

The case at a commercial court is about four sub-funds that LFP I allowed other fund managers to set up within its so-called umbrella structure: Aventor, Blackstar Commodities, Columna Commodities and Equity Power Fund.

New directors brought in at LFP I after the problems came to light are alleging all these four troubled entities are Ponzi schemes as they try to recover up to €100 million in losses for investors.

The complaint alleges that the regulator [the Commission de Surveillance du Secteur Financier \(CSSF\) denied the new management access to documents](#) such as bank records and correspondence from the CSSF and LFP I when it was still run by the former directors.

The CSSF declined to comment. A lawyer acting for the institution, Albert Rodesch, said "this summons is obviously inadmissible in form, outlandish in substance and merely a publicity stunt."

The family of funds are the subject of almost 30 civil and criminal cases [between directors, shareholders, custodian and auditing firms in Luxembourg and Belgian courts](#), mostly instigated by LFP I under its former director David Mapley, a financial investigator.

Shareholders in LFP I appointed Mapley as a new director to the fund late in 2018, when they found millions of euros had gone missing.

But in May, the CSSF suspended Mapley as fund director for a period of four years. Mapley had provided "incomplete and incorrect" information to the regulator during an authorisation process, the CSSF said, meaning he no longer satisfied the requirements of good repute.

Mapley has since appealed that decision.

Then in November, [LFP I shareholders dismissed Mapley and two other directors](#), leaving the board of directors vacant. A next shareholder meeting to elect a new board is due to take place in January. Mapley and his associates represent some 10% of shareholders, he has said.

A rival group of shareholders had separately sought to expel Mapley, making LFP I's directors responsible for mishandling their mandate and for €40 million in losses. That group won a court victory on 31 October, when a judge appointed an administrator and instructed him to organise a shareholder meeting to dismiss the three current directors.

The status of that possible rival shareholder meeting is unclear now that Mapley was dismissed already anyway.

LFP I had earlier already filed complaints about the CSSF with two EU regulators, ESMA (European Securities and Markets Authority), for failing to protect investors and EBA (European Banking Authority) for failing to uphold anti-money laundering rules.

The complaint also shows that CSSF was concerned about the structure of various sub-funds as early as 2013, and alleges that the regulator did not at the time take any regulatory action.

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