

# Troubled LFP sues auditors PwC for not spotting fund losses

Lawsuit is part of a much larger legal quest by new directors to retrieve money

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**A troubled fund company has sued PricewaterhouseCoopers in Luxembourg, alleging the accounting firm failed to warn investors of mounting losses until it was too late.**

The new directors at fund firm LFP are seeking almost €6 million in damages from PwC, saying that it should have known that loans that LFP had provided to two firms had started defaulting in 2014.

The fund firm - officially known as LFP I SICAV SIF S.A. - is an umbrella structure that allowed others to set up sub-funds within it, and then sell the shares to investors. The dispute is about just one of such sub-funds, called Aventor, which was put in liquidation in February 2017.

Millions of euros have disappeared from several other sub-funds, and a group of investors put two new directors at the head of LFP I late last year. The new management is now trying to retrieve the money through a flurry of lawsuits in Luxembourg and elsewhere.

They have sued Alter Domus - one of Luxembourg's largest fund services firms - which acquired LFP I in December 2017, seeking more than \$50 million in compensation over the collapse of the Columna sub-fund.

They 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 - amongst others - filed a claim against the three original directors of LFP, a criminal lawsuit against unknown, and a previously unreported claim against Société Générale Bank & Trust, which was acting as a custodian bank for the Columna sub-fund.

PricewaterhouseCoopers declined to comment. Société Générale Bank & Trust said it did not comment ongoing litigation. The financial regulator, the CSSF, said it did not comment on individual cases.

The Aventor sub-fund had made only two investments, in the form of loans to two companies, one in 2013 and the other a year later. The two companies defaulted repeatedly on the loans from 2014, the directors say in the complaint at the commercial court in Luxembourg.

But PwC gave Aventor a clean bill of health for 2014, the complaint says. It wasn't until July of 2017 - when Aventor was already in liquidation - that PwC mentioned the defaults, when vetting the 2016 accounts.

The accounting firm also gave the wrong maturity for the loans, and maintained the Net Asset Value for the loans, despite the defaults.

The case was entered in court on 21 October.

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