



Keydata: rainforest link to missing millions

By Iain Martin | 08:00:00 | 16 February 2010

Overseas investors believe the trail from Keydata's £103 million leads to a massive slice of the Amazon rainforest, raising hopes that cash can be recovered for savers.

Orion Life, a Brunei-based insurer that invested directly in the Luxembourg-based life settlement vehicle SLS Capital that underpinned the Keydata Secure Income bonds, believes SLS founder David Elias (pictured) sold the assets in order to buy around 800,000 acres of rainforest in Brazil.

The discovery of the land, which is now thought to be worth around £220 million, boosts the chance that Keydata customers and overseas investors could recover some of their lost savings, according to Orion's chief executive Bruno Geissmann.

'This is a very good message... I don't want to say an amount but the amount mentioned by the liquidator is very high,' said Geissmann.

Geissmann linked money moving out of Elias's two life settlement ventures and his Amazonian carbon credit scheme through financial documents released by BDO Malaysia, the liquidator of his BWT holding company in Malaysia. 'The liquidator realised we had a claim so we got information about its findings and they found assets which is the Brazilian rainforest,' he said.

Elias (pictured) admitted life settlement assets had been sold to set up his carbon credit venture after he was confronted by Orion Life about missing income payments shortly before his death in May 2009. 'We thought it was the ramblings of a dying man,' said Chris Chong, financial director of Orion Life.

Geissmann warned the financial and legal make-up of the web of companies around Elias was very complex, which could hinder attempts to recover savers' cash. 'We are happy there is something there but the situation is not clear,' said Chong. 'BDO are checking if everything is fine legally so it can be sold,' said Geissmann.

Elias, a controversial businessman who fled the UK after a warrant was issued for his arrest after the collapse of one of his companies, could have been inspired to invest in the rainforest by his former business partner Johan Eliasch. The multi-millionaire owner of sports goods company Head is a leading figure in the conservation and was named as Prime Minister Gordon Brown's adviser on deforestation in 2007. Swedish Eliasch also bought 400,000 acres of the Amazon rainforest in 2006.

Carbon credit expert Jon Grayson says he stumbled across Elias's carbon credit scheme, which involved launching a rainforest asset-backed bond out of Luxembourg-based Rainforest Capital SA, in 2008. 'We quickly discarded it. Our main concern was [the lack] of any real information other than the headline financials, eg where is the asset, which country,' said Grayson of EnviroMarket.

Grayson warned that in Brazil you can often find several claimants for ownership and rights over the same plot of land. 'A lack of readily available information on forestry investing in general is a real problem,' said Grayson.

Keydata administrator PricewaterhouseCoopers discovered in June the assets of SLS Capital had been liquidated. The Serious Fraud Office and the Financial Services Authority are now investigating the disappearance of the life settlement assets.

The Financial Services Compensation Scheme is currently processing claims for Keydata customers, who lost cash by investing into the failed structured product provider's Secure Income bonds. The FSCS will compensate clients for the first £50,000 of lost investments so the discovery of assets will be welcomed by investors with a large stake in the products.

SLS Capital was put into liquidation on 1 October with Luxembourg law firm Baden & Baden named as liquidator.

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