

SFO joins forces with foreign regulators over missing Keydata funds

Story by: Dominic Welling | Magazine: [FTAdviser](#) | Published Wednesday , January 20, 2010

The Serious Fraud Office (SFO) has revealed it is working closely with 'various overseas authorities' in an attempt to trace Keydata investors' money lost through Luxembourg-based SLS Capital.

According to the SFO, as well as investigating the investment activities of Keydata, it is also 'actively' investigating the process by which SLS Capital disposed of investors' assets.

SLS was a private company based in Luxembourg which issued bonds to Keydata investors.

There were three groups which served as SLS directors, one of which was BWT Capital, a company believed to be closely associated with the controversial businessman David Elias, who passed away in May 2009.

Approximately 5,500 investors - totalling £103m invested - are thought to have been affected by issues related to the SLS bonds, including seven Keydata Secure Income Bond products.

Last July, PricewaterhouseCoopers (PwC), the administrators of Keydata, said that income on the products had not been paid since October 2008, with Keydata filling in income payments from its own reserves.

A statement from the administrator said that information it had received suggested that assets had been liquidated and may have been misappropriated.

At the time, the Financial Services Authority (FSA) said it was working closely with the SFO about the potentially missing assets held by SLS bond products.

Today (20 January) the SFO confirmed that the investigation is continuing and that it had made requests to various overseas authorities for information and assistance.

A spokesperson for the SFO said: "While responses will assist our investigation we are in the hands of the overseas authorities as to timing of the assistance.

"We continue to liaise closely with the FSA."

The SFO said it was speaking to IFAs and victims and had made 'extensive use' of its powers under Section 2 Criminal Justice Act 2007 compelling the production of records and electronic documents and also compelling individuals to provide information.

A spokesperson for the SFO said: "As well as considering the activities of Keydata itself, we are actively investigating the process by which SLS disposed of assets, who was involved, and where the money went.

"We are receiving assistance from the Luxembourg administrator of SLS and its immediate parent company, including the lifting by the administrator of legal privilege.

"We are actively investigating the extent to which any persons were misled as to the ability of SLS to meet its obligations."

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