

# Keydata victims still up a gum tree

By [Gavin Lumsden](#) | 16:12:16 | 16 February 2010

Investors who put their money into the Keydata Secure Income bonds 1-3 now know that their money could have ended up invested in the [Amazonian rainforest](#). You really could not make it up. So where does this leave investors? Should they laugh or cry?

They could laugh on the basis that if their money has been tracked down there is a chance that it could be returned - although my knowledge of Brazilian property law is not sufficient to make me confident on this point.

They could equally cry in despair that in this day and age it is possible for £103 million of investors' money to be spirited away under the noses of auditors, custodians and international regulators by a fugitive business man, [David Elias](#).

It would have been a bit more reassuring if the latest revelation had come from PriceWaterhouse Coopers, Keydata's administrator, our Financial Services Authority or the Commission de Surveillance du Secteur Financier (CSSF), the Luxembourg regulator which was meant to have oversight over SLS Capital, the company from which the assets have gone missing. Or indeed anybody with a formal link to the scandal. As it is our thanks to Orion Life, the Brunei-based insurer, that has doggedly followed the money trail on behalf of its investors.

Surely now the [Financial Services Compensation Scheme](#) can be more upfront about the situation facing category one Keydata investors? Their money was meant to be tied up in SLS bonds but now looks to have been engaged in a dubious carbon credit scheme.

Since placing Keydata in default in November, the FSCS's statements have focused on the ineligibility or otherwise of the ISA status of Secure Income bonds 1-3. Apparently it is still not possible for the FSCS to say that investors' losses incur any liability on Keydata's part. Excuse me? Whose decision was it to invest in SLS and Elias? Keydata and its directors that's who. That's enough liability for me.

This episode highlights how the level of communication to victims of this scandal has been unsatisfactory.

Another huge area of complaint involves the remaining Keydata investors who are reliant on the well-being of Lifemark, the Luxembourg company that Keydata established after its relationship with Elias soured. As my colleague Iain Martin has previously established there are severe [liquidity](#) problems at Lifemark. On 1 February CSSF said it was looking at restructuring Lifemark's bond portfolio into zero income bonds, a move that would put an end to investor's erratic income payments at a stroke. Today, it announces the six-month extension to its administration, but adds nothing more. Meanwhile [PwC](#) has put a link to the CSSF statement but adds nothing more. Maybe Dan Schwarzmann is as mystified as we are. Investors deserve better than this.