

Dalriada. A better way

Important Announcement to members of the London Quantum Retirement Benefit Scheme (also known as the London Quantum Occupational Pension Scheme) (“the Scheme”)

This is the twelfth Announcement to members, and on the Scheme more generally. It is also written further to our Announcement of November 2020, which dealt specifically with the Fraud Compensation Fund.

The purpose of this Announcement is to provide a further update to members, to include the current position with regards to the remaining investments and the steps currently being taken in pursuing final recoveries.

What has happened since the last Announcement?

Work continues to recover the money held in the remaining investments and have this paid back to the Scheme. Our objective is to satisfy the necessary pre-conditions for the Scheme applying for compensation on the Fraud Compensation Fund (“the FCF”). One such pre-condition is the need for the FCF to be a fund of last resort, i.e. when no further recoveries can be made or that the burden on costs would outweigh the potential return.

We continue in the meantime to attend to the legal and governance obligations in relation to the Scheme wherever possible. This includes holding trustee meetings, undertaking risk reviews, preparing accounts and preparing the annual Chair statements. Where there are any governance breaches due to the specific circumstances of the Scheme, we have explained why these have taken place and will continue to report these breaches to The Pensions Regulator.

Copies of the current and historic accounts and Chair Statements can be found on the members' website.

The Fraud Compensation Fund

As was communicated in our Announcement of November 2020, Dalriada participated in a legal case which sought clarification on certain legislative issues in relation to the FCF. Whilst the FCF is open to claims by occupational pension schemes that have suffered a loss as a result of an act (or acts) of dishonesty, the purpose of the legal case was to provide certainty around the wording of the legislation that brought in the FCF, and around the rules governing eligibility for compensation. The PPF needed to be certain, before paying out any compensation, that there was proper legal entitlement to that compensation.

In short, it was determined that a claim could be submitted to the FCF for compensation in relation to your schemes such as this one.

Please note that the judgment does not mean that the Scheme or any other scheme of this nature will automatically be successful in its claim. We understand that members have suffered a loss, but each claim submitted to the FCF will be determined on its facts. Further, we have been advised that, given the nature of the evidential process involved, it could take up to eighteen months after the submission date for any claim to be processed.

As mentioned above, there are certain conditions to be met before which a scheme will be considered eligible to make a claim and for any claim to be successful. We are considering the Scheme's position and remain in discussions with the PPF with regards to a potential claim on behalf of your Scheme. No claim has been submitted to date and we cannot say at this stage when a claim will be submitted. Given that the FCF is a fund of last resort Dalriada will need to satisfy the FCF that all other avenues for potential recovery of funds have been explored and exhausted. An update on a number of avenues for recovering funds into the Scheme has been set out in the next section.

Ultimately, our intention is to make a claim on behalf of all members collectively, which will comply with the appropriate regulations, including the requisite triggers and timescales for submitting a claim. We are not asking members to take any particular actions at this stage. However, we may reach out to you at a later date in support of the FCF application.

The judgment made it clear that trustee and advisor fees related to the act of dishonesty can be included in FCF claims. This means that, in the event of a successful claim, the impact of trustee fees on members' benefits will be somewhat mitigated.

Further, on the point of fees, as we have previously advised, due to the way in which the Scheme was set up, a number of complexities have been encountered when considering how to attribute Scheme costs to members' personal accounts. This point is still being considered with the assistance of the Scheme's legal advisors. For clarity, these personal accounts are not like bank accounts, but are a method of allocating, or earmarking, Scheme assets for the benefit of each member.

Investments

German Property Group (GPG), formerly Dolphin Trust GmbH

Amount Invested

£424,641.88

Current Position

As per our eleventh Announcement, payments from the nine Dolphin corporate loan notes were due to begin in October 2019 and should have been fully realised by April 2020. In November 2019 Dalriada received notification that GPG were to receive restructuring and refinancing advice, which was complicated further when GPG issued notification that they are filing for bankruptcy in Germany.

Dalriada. A better way

To date and despite requests of GPG, Dalriada has also not been provided with any of the paperwork relating to the Scheme's investment.

Since the last Announcement Dalriada has taken legal advice to ascertain if there are any additional steps which can be taken against GPG to try to recover the funds. At this time, Dalriada via its legal advisors, are questioning the involvement of a firm of solicitors named BK Law, based also in Germany. BK Law has denied any wrong doing and Dalriada is considering what action it can take in the circumstances.

Dalriada has otherwise been in contact with the German equivalent to a Trustee in Bankruptcy for GPG. In June 2021 Dalriada was asked to file a claim in against the bankruptcy proceedings, and did so at the end of July.

Park First Glasgow Limited (Park First)

Amount Invested

£340,000.00

Current Position

In our eleventh Announcement we explained that Dalriada initially pursued a "buy back" option for the investment. Amid deficiencies in the initial investments made the former trustees, this became a "refund" option due to the acknowledgement from Park First that the sales did not "legally complete" and that "title had not transferred". Despite having been advised that money would be returned to the Scheme by 8 August 2019, four of the Park First group companies entered into administration prior to that date. Crucially, the companies which received the money from the Scheme are now under the control of an insolvency practitioner.

Dalriada has lodged proofs of debt, although the quantum and timing of any potential return to creditors is unclear. Dalriada believes there is now delay caused by a series of legal proceedings and civil actions being taken against Park First, including by the FCA. We understand that the FCA proceedings are listed for trial in February 2022, and other civil proceedings have been stayed.

The FCA has made a press release regarding its actions, a link to which has been provided below:

<https://www.fca.org.uk/news/press-releases/fca-seeks-compensation-park-first-investors>

Dalriada will continue to monitor all proceedings, and await further communication from the insolvency practitioner as to the Scheme's investment.

The Reforestation Group Limited (Reforestation Group)

Amount Invested

£220,000

Current Position

The amount invested is still in dispute, as contractual documents show a cumulative purchase price of £230,000. The investment itself is purportedly in connection with eucalyptus plantations in the Amazon rainforest in Brazil, though there has never been sufficient visibility around the investment for Dalriada to be confident that the Reforestation Group investment represents a tangible asset.

We previously reported that an agreement was signed with the Reforestation Group in which they committed to paying £230,000 by 30 June 2018. To date this has still not been honoured. We are being informed that the ongoing delays are due to travel restrictions imposed by the Covid-19 pandemic.

Dalriada is liaising with its legal advisors as to what alternative course of action can be taken, including taking proceedings for the breach of the settlement agreement for £230,000. However, any such actions would come with adverse cost risks to the Scheme, and may not therefore be in members' best interests.

Best Asset Management Ltd (BAM) – Car Parks

Amount Invested

£189,000 in the lease of 7 car park spaces in Dubai.

Current Position

Originally, payments from the Scheme were made to Best Asset Management Limited (“Best”) who, in turn, invested into the leases of the 7 car park spaces.

The investment has been and remains subject to legal action being taken collectively on behalf of the investors. The investigation involves both criminal and civil actions ongoing in Dubai. Dalriada is not a direct party to this as, having taken legal advice which on balance advised not to enter into any creditor's agreement.

Best, as previously advised, was itself placed into administration, and partly we believe due to funding action taken on behalf of investors to seek recovery of the monies in Dubai. Dalriada has filed a Proof of Debt in the administration of Best.

Dalriada and its legal advisors continue to monitor the administration of Best, as well as the legal proceedings. The quantum and timing of any return to the Schemes remains both unclear and uncertain.

Best Asset Management Ltd – ABC Corporate Bonds

Amount Invested

£409,000 in corporate bonds with Alpha Business Centres (“ABC”) UK Ltd.

Current Position

This investment is also subject to the legal action being taken in Dubai and relates to the same individuals. Dalriada has also submitted a Proof of Debt against the ABC companies though, again, any return to creditors is uncertain.

Other Investments

The narrative above pertains to those investments where there are existing and ongoing actions to recover the funds invested. There are a number of other investments that we have not reported on for several Announcements, for the reason that the actions pertaining to those investments have been concluded. Whilst we did last report on these additional investments in our May 2017 Announcement, we would like to provide the headline conclusions in this Announcement.

The Quantum PYX Managed FX Fund

On 25 July 2016 £764,278.92 was recovered of an original amount invested of £1,028,238.86. The fund was subsequently closed by the investment manager on 29 July 2016.

London Quantum One Limited

This investment related to just three individual members, who were also former trustees to the Scheme. The Scheme has purchased 600,000 shares in London Quantum One Limited at a cost of £1 per share. It was established that the investment held very little, or more likely, no value. As a result, there is no benefit in Dalriada pursuing this investment any further.

Malletts Solicitors Limited

The Scheme had invested £8,000 in an unsecured loan note issued by the law firm Malletts Solicitors Limited. Malletts Solicitors Limited went into liquidation on 11 November 2016 with confirmation in the liquidator's report of nil return to unsecured creditors.

Colonial Capital Group Plc ("Colonial Capital")

The Scheme had invested £24,000 in a corporate bond with Colonial Capital Group Plc. Colonial Capital was placed into administration on 08 March 2017. A Proof of Debt was submitted to the liquidators. The liquidators' statement from April of this year confirms there is little likelihood of any funds being made available to a pay a distribution to unsecured creditors.

The Resort Group

The investment was in hotel rooms in a hotel development by The Resort Group. Of the £485,151.52 invested, the Scheme received back payments totalling the same, in addition to all income for each of the plots up to the date they were bought back.

Investment Strategy

As reported in the last available Chair Statement, Dalriada began the process of taking appropriate advice to determine a suitable investment strategy for the Scheme's liquid assets. Due to the numerous issues still facing the Scheme, not least the illiquidity of the remaining investments and the risk profiles of the members, the Scheme has since been advised to employ a low risk investment strategy.

We have implemented such a strategy which, whilst low risk, looks to achieve a return over that which would be received by holding funds in the bank.

Fraudulent Letter

We have been made aware of a fraudulent letter sent to members of another pension scheme to which Dalriada was appointed independent trustee by The Pensions Regulator. The letter claims to be from David Copeland, as a Director of Dalriada, and asks members to call a telephone number provided in the letter to discuss claims. Please note this letter did not come from Dalriada and the telephone number is not a Dalriada telephone number.

If you have received recent correspondence which appears to be from Dalriada, asking you to 'make a claim' in a limited timeframe, this letter is bogus. **PLEASE DO NOT CALL THE NUMBER.** If you do call the number, you will likely be asked to make a payment or asked to provide personal information. Again, please **DO NOT DO THIS.**

Dalriada has taken this matter very seriously and has filed a report with Action Fraud and the police (Police Service of Northern Ireland (PSNI)).

If you have received the letter and/or have called the number, please get in contact with Dalriada and report the matter to Action Fraud as soon as possible. You can contact Action Fraud on:

Telephone number: 0300 123 2040

Crime Number: NFRC210504481800 (please include this if you make contact).

PSNI has advised that the matter should also be reported to your local police and the same crime number should be used when reporting to them.

Dalriada's legitimate contact details can be verified on our website. In light of this recent fraudulent letter, for your security, we would prefer members to contact us by e-mail in the first instance and, if necessary, we will call you back. If you do contact us by telephone, you should use the number shown in the 'What Should I Do If I Have Further Questions?' section below or, otherwise, a number that you can find and verify on the Dalriada website or on the schemes' website page.

To be absolutely clear, Dalriada will **NOT** ask you to make any payment and/or to disclose sensitive personal information. If you receive a call from (or make a call to) someone saying they are from Dalriada and who asks you for money or to disclose personal information, this is a scam and you should hang up and report the call to us and Action Fraud, as set out above.

Whilst we would ask that contact is initially made by email where possible, should you have any specific personal queries in relation to this Announcement, your membership of the Schemes, or should you wish to provide us with further information, please note that you can still contact us as set out in the 'What Should I Do If I Have Further Questions?' section below.

Data Privacy Notice

Dalriada has prepared a statement which sets out how, in its capacity as Trustee, it handles personal information in compliance with Data Protection Legislation.

A copy of the Data Privacy Notice can be found on the website set up for members, or via the link below:

https://www.dalriadatrustees.co.uk/wp-content/uploads/2018/10/Data-Privacy-Notice_-1.pdf

What should I do if I have further questions?

Should you have any queries in relation to this Announcement or with regards to your membership of the Schemes, please contact us.

You can contact us as follows:

By Telephone: 028 9041 2009
By Post: Dalriada Trustees Limited
Linen Loft
27-37 Adelaide Street, Belfast
BT2 8FE
Via e-mail: londonquantum@dalriadatrustees.co.uk

Other useful contact details

If you have a complaint or dispute concerning your workplace or personal pension arrangements you should contact:

The Pensions Ombudsman Telephone: 0800 917 4487
Website: www.pensions-ombudsman.org.uk

If you have general requests for information or guidance concerning your pension arrangements contact the Money and Pension Service (MaPS).

Previously pensions guidance has been provided across the three consumer facing brands of MaPS: Pension Wise (PW), The Pensions Advisory Service (TPAS) and the Money Advice Service (MAS).

MaPS has now launched **MoneyHelper** where all retirement and pensions guidance has been brought together under one brand and one website: moneyhelper.org.uk.

Consumers can request an appointment by following the links, emailing virtual.appointments@maps.org.uk or by calling the pensions helpline on 0800 011 3797.

These appointments are free and impartial.

The email address to the pensions guidance team for general pensions queries is pensions.enquiries@moneyhelper.org.uk

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