
Audax Pension Trust ("The Scheme")



Dalriada. A better way

Important announcement to members of the Scheme

The purpose of this Announcement is to serve an update to members.

As you are aware from the previous Announcement, Dalriada Trustees Limited ("Dalriada") was appointed as trustee to the Scheme by the Pensions Regulator (TPR) on 17 June 2020.

Dalriada's appointment was due to concerns over the use of Scheme funds and the investments purported to have been made by the previous trustees of the Scheme and concerns over the competence of the previous trustee, Audax Management Limited ("AML").

On its appointment, Dalriada undertook to investigate the suitability of the purported investments. The previous trustees had used scheme assets to invest in a number of funds, the majority having been managed by Ganita Wealth Limited, including shares in Ganita Wealth Fund Ltd (a company incorporated in the British Virgin Islands). Dalriada has made contact with the various parties which received scheme funds. However, to date, only a small recovery has been made.

Dalriada has not received a complete set of administration records or a full set of the documentation necessary for the ongoing operation and management of the Scheme.

At the time of our appointment there were no liquid assets or cash in the Scheme meaning that Dalriada has received no fees for the costs they have accrued to date.

Member Announcement

What has happened since the last Announcement?

Work on trying to recover any value from a number of the remaining investments has recently been brought to a close, as set out below, as we have concluded that there is no reasonable prospect of any meaningful recovery from them at this time.

We have also prepared an initial submission for compensation from the Fraud Compensation Fund ("FCF") on behalf of the Scheme. The FCF is a fund of "last resort", which means that the FCF will need to be satisfied that no further recoveries can be made from elsewhere, or else, that the costs and/or time likely to be incurred pursuing any recovery outweigh any potential return before the FCF will pay compensation to the Scheme. More information can be found later in the Announcement.

Investments

Information received upon appointment confirmed that Audax had investments in the following:

1. 7IM
2. Ganita Wealth Fund
3. BPLF1 Ltd
4. Lawthority Limited

7IM

Audax had an initial investment (totalling £996,596) made to Seven Investment Managers ("7IM") which was subsequently withdrawn, in 3 separate tranches, totalling £971,885, resulting in a loss of £24,711.

The disinvestments were then used/reinvested into the following:

- Member drawdown and transfers out (£200,214)
- BPLF1 (£166,151)
- Ganita Wealth Fund Limited (£574,000)

Ganita Wealth Fund Limited ("GWFL")

We understand that Audax had invested over 50% of its assets into GWFL.

Date of Investment	Amount of Investment
01/06/2016	£574,000
03/01/2017	£40,000

GWFL is a BVI registered company (also known as "The Fund"). The Fund was a mutual private fund with the BVI Financial Services Commission that, at the time of Dalriada's appointment, was administered by Apex Fund Services Ltd. They historically provided statements on the Audax shareholding in the fund and unit value (USD).

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Dalriada has been in direct contact with the Fund director until early 2021 when a wind up of the Fund was announced and communications from GWFL stopped. We have attempted numerous times to re-engage contact with GWFL, however, we still await both the information sought and an update on the position of the Fund by way of its status and value. We consider it unlikely that any meaningful value will be realised in respect of this investment.

This was high risk speculative investment which was inappropriate for an occupational defined contribution pension scheme. We have seen no evidence that the original trustees carried out appropriate due diligence or took proper investment advice before entering into this investment.

BPLF1

Dalriada understand that Audax had invested 24% of the fund into BPLF1 Ltd.

Date of Investment	Amount of Investment*
22/01/2015	£116,895
20/04/2016	£110,769
06/06/2016	£55,384
30/06/2016	£55,384
28/09/2016	£55,384
Total	£393,816

Work is still progressing with this line of enquiry. we know that this company was set up to provide funding to Audax's principal company/employer who have been dissolved since February 2018.

Following Dalriada's contact with BPLF1, communication was received from a firm of solicitors, Owl & Fox, who confirmed in letter dated 7 October 2020 that they act for BPLF1.

Owl & Fox have confirmed that BPLF1's assets are largely held in the form of a loan to ParkerWall Limited, company number 09523431 ("PW"). PW are a firm of solicitors based in Liverpool. They are actively engaged in the "No win, No fee" litigation field. It is noted that Companies House reflects a charge registered in favour of BPLF1 over the assets of PW. The charge was registered by PMR Limited and is signed by Peter J Maughan. (Owl & Fox is a trading style of PMR Limited).

While the charge to recover on Companies House does not clearly set out the sum loaned by BPLF1 to PW, an analysis of the paperwork provided by AML indicates that funds amounting to approximately £221,538.47 have been lent to PW.

Owl & Fox have indicated that they have been endeavouring to seek return of the monies loaned to PW which are now overdue. Dalriada have been in correspondence with Andrew Lindsay on behalf of Owl & Fox, and the latest communication suggested that PW were due to settle a number of litigation cases which, upon receipt of settlement, would provide PW with sufficient capital to allow the loan to BPFL1 to be repaid.

We understand an offer has been made to BPLF1 for the return of the investment, however it is much lower than the original loans. Dalriada is continuing to liaise with Owl & Fox with a view to securing some element of a return for the Scheme.

This was high risk speculative investment which was inappropriate for an occupational defined contribution pension scheme. We have seen no evidence that the original trustees carried out appropriate due diligence or took proper investment advice before entering into this investment.

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Lawthority Ltd

At the time of appointment, it is understood that AML had invested 9% of the fund into Lawthority Ltd by way of Loan Notes ("Series 2 Loan Notes"). This was high risk speculative investment which was inappropriate for an occupational defined contribution pension scheme. We have seen no evidence that the original trustees carried out appropriate due diligence or took proper investment advice before entering into this investment.

Date of Investment	Amount of Investment
15/02/2016	£100,000
03/03/2019	£10,000

Lawthority failed to trade profitably and having taken appropriate advice, Dalriada entered an agreement with Andrew Neal of Lawthority to redeem all the Series 2 Loan Notes from Lawthority, for £16,326.00. There is no further recovery to be made in relation to this investment.

General Data Protection Regulations (GDPR)

Previously, organisations were required to comply with the Data Protection Act 1998. This Act governed the collection, storage and use of personal data held electronically or in paper records.

It provided guidelines on how companies should create, store, handle or view personal data. From 25 May 2018, this Act was replaced by the General Data Protection Regulations which came into direct effect across the EU. The UK will continue to comply with these regulations following Brexit.

Dalriada Trustees Limited, as trustees of the Schemes, has a policy for meeting our obligations under GDPR. Please see link to our full Privacy Policy here, [Privacy policy - Professional Pension Trustees - Dalriada Trustees](#) however, we would like to draw your attention to the following key points:

- Individuals have increased rights under the GDPR in relation to their personal data which include, in certain circumstances, the right of access to data and rectification and erasure. We hope you understand that we need to hold your data to be able to determine any benefits and to answer any questions about your entitlement.
- The general management and administration of the Scheme, including responding to SARs, incur costs against the Scheme and therefore, should you wish to make a SAR, we would ask you to call Dalriada in the first instance on the number provided below.
- Where a SAR is received from a third party on behalf of a particular member, Dalriada's obligations are to provide the necessary information to the data subject directly i.e. to the member. Therefore, we would like to reiterate that where a member is pursuing a claim through a third party that they contact Dalriada in the first instance.
- This GDPR notification does not affect your benefits entitlement in any way.

Member Announcement

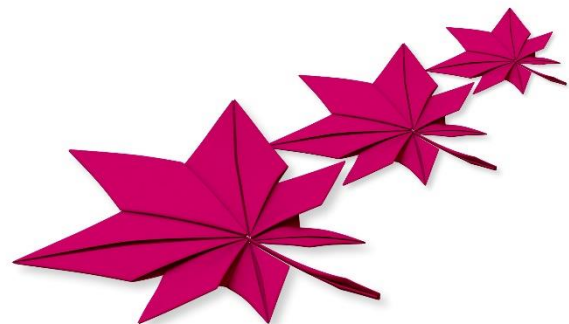
The Fraud Compensation Fund ("FCF")

Ultimately, the best chance of any significant recovery may be through a claim on the FCF. The FCF is a fund, managed by the board of the Pension Protection Fund ("PPF"), that provides compensation where schemes have suffered a loss as a result of an offence involving dishonesty.

Dalriada and the PPF ran High Court action in 2020 and obtained a judgment clarifying a number of important legal issues concerning the operation of the FCF. Most importantly the judgment determined that a significant number of occupational pension schemes can, in principle, make claims on the FCF. The judgment also clarified that, as well as losses as a result of an act of dishonesty, schemes (and by extension their members) can be compensated for costs incurred by the trustees which are attributable to dealing with any act of dishonesty.

Dalriada is working closely with the PPF to ensure all the requirements for an application are met, including collating and submitting evidence to show where dishonesty has taken place. However, as noted above, the FCF is a compensation fund of last resort which means that the FCF will need to be satisfied that no further recoveries can be made from elsewhere, or else, that the costs and/or time likely to be incurred pursuing any recovery outweigh any potential return before the FCF will pay compensation to the Scheme.

It is important to note that the Court Judgment does not mean that the Scheme will automatically be successful in its claim, but it is an avenue that we will explore for members. It is important to note that once an application has been made, it could some time for a decision to be made.



What should I do if I have any further questions?

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

You can contact us as follows:

By Telephone:	028 9592 6105
By Post:	Dalriada Trustees Limited Linen Loft 27-37 Adelaide Street Belfast, BT2 8FE
By Email:	audaxadmin@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 our 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

Issued by Dalriada Trustees Limited

May 2023