By Donna Horowitz
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A group of EEA Life Settlements Fund PCC Ltd. investors has organized to oppose the restructuring of the fund and has made complaints to U.K. and Guernsey regulators, according to a leader of the opposition.

David Trinkwon, co-organizer of the EEA Investors Group, said in an interview that the group submitted a complaint to the Financial Conduct Authority in the U.K. a week ago and has had several contacts with Guernsey regulators. The fund is regulated by the Guernsey Financial Services Commission. EEA Fund Management Ltd., which runs the fund, is based in London.

Trinkwon of Maidenhead, U.K., said seven members of the investors' group raised a number of issues at the Oct. 17 meeting in Guernsey in which the restructuring was approved. Since forming the group with the initial seven members, he said it has now grown to about 25 members.

Trinkwon, who claims to own 500 shares in the fund, said the investors' group is concerned about cash flows and liquidity of the fund and maturities that don't seem to be coming in as expected.

"We can't get straight answers out of anybody. They seemed to be very confused," he said referring to fund managers.

An EEA fund spokesman was not immediately available for comment.

Redemptions from the fund had been suspended since November 2011 after the U.K.'s Financial Services Authority called life settlements a "toxic" asset. EEA managers said the statement caused withdrawal of subscriptions and redemption requests leading to liquidity problems.

In a Nov. 5 letter to shareholders, the investors' group said it is not happy with how the fund directors have handled business affairs during the suspension, including not producing approved accounts since December 2010.

The group also is displeased with fund managers who have "railroaded" through a set of restructuring proposals it considers to be more reflective of the interests of the fund directors than the fund's shareholders.

The investors' group said it believes shareholders should have been given the choice of voting for an orderly winding up of the fund, not a "fire sale" liquidation.

The group said shareholders were "placed under duress by inappropriate, exaggerated and erroneous 'threats' or 'scaremongering' by EEA regarding the alternatives and consequences of 'liquidation/administration.'"

It further said that shareholders were required to vote on short notice without full facts in the face of threats of significant capital losses.

Fund directors told shareholders in September that they could either vote for a restructuring plan or face liquidation of assets. The board supported the restructuring proposal. As part of the restructuring, investors could either continue holding existing shares or they could exchange them for shares in a new run-off cell.

The fund manager had cut the value of the fund by 10% after a recent mortality review. In June, fund auditor Ernst & Young said the fund had been overvalued by about $100 million as of November 2011. EEA had valued the fund then at $871 million.

The investors' group said it's also investigating whether shareholders are entitled to payments if they made valid redemption requests in November 2011.