By Donna Horowitz
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The manager of EEA Life Settlements Fund PCC Ltd. said Monday, Nov. 18, that the Guernsey Financial Services Commission wants more information before it will consider approving a restructuring of the suspended fund.

London-based EEA Fund Management Ltd., which runs the fund, said the Guernsey regulator wants such information as audited accounts of the fund for the 2012 financial year.

The fund manager said that the 2012 audited accounts are overdue because of a delay in finalizing the 2011 audited accounts.

It said that its new auditor, which was appointed Aug. 29, is proceeding with the 2012 audit with the help of the fund's board.

"The Board and the Fund's investment manager will work with the Commission to provide this information as soon as possible, and will update shareholders on progress in due course," the manager said.

Meanwhile, a new group of fund investors and financial advisers, which has organized to oppose restructuring of the fund, has made complaints to U.K. and Guernsey regulators, according to a leader of the investors' group.

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 the Guernsey regulator during the past six months.

Trinkwon of Maidenhead, England, said seven investors and advisers raised a number of issues at the Oct. 17 meetings in Guernsey in which the restructuring was approved. Since forming the group with the initial seven members, he said it has now grown to represent more than 200 shareholders.

Trinkwon, who says he owns 500 shares worth $100,000 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," he said. "They seemed to be very confused."

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 if they didn't support the board's position.

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.