

By Donna Horowitz

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The manager of the suspended EEA Life Settlements Fund PCC Ltd. has scheduled back-to-back annual meetings on Dec. 31 in Guernsey to present its annual financial statements for 2011 and 2012, drawing criticism from a new investors' group.

A group leader complained that one of the meetings will have to be reconvened anyway and that calling both meetings on Dec. 31 is "a pretty desperate stunt."

London-based EEA Fund Management Ltd. posted notices of the annual meetings Friday, Dec. 6, on the Channel Island Stock Exchange, where EEA shares are listed.

The first meeting is set for shareholders to receive the audited financial statements for 2011, which has been long delayed. The fund has been suspended since November 2011 after the U.K.'s Financial Services Authority called life settlements a "toxic" asset. The fund manager said the statement caused withdrawals of subscriptions and redemption requests leading to liquidity problems.

At the second meeting, the financial report for 2012 will be presented, along with the re-appointment of the fund's auditor, Grant Thornton Ltd. of Guernsey. The fund manager also will discuss fees for the auditor. Shareholders will get an opportunity to vote for rehiring the auditor and whether to allow the company's board determine how much the auditor is to be paid.

On Nov. 27, the Channel Islands Stock Exchange gave the fund an extension to Dec. 16 to submit its audited 2012 accounts or face delisting. If the financial statement is not received by then, the fund's shares will be delisted as of Dec. 24.

The fund manager has backed restructuring of the fund, which was supported by a majority of the shareholders at Oct. 17 meetings in Guernsey. However, the Guernsey Financial Services Commission wants to obtain the fund's audited accounts for 2012 before it will consider approving the restructuring proposal. The fund manager has said the 2012 accounts are overdue because of a delay in finalizing the 2011 financial statement.

The newly formed EEA Investors Group, which opposes the restructuring plan, has made complaints to U.K. and Guernsey regulators about the fund manager.

David Trinkwon, co-organizer of the investors' group, said he sent out a Monday, Dec. 9, e-mail to members of the investors' group, raising questions about the meetings. He previously said the group represents more than 200 shareholders.

He questioned why the fund manager attached proxy forms for shareholders.

"Does anyone know whether Accounts have to be approved by the shareholders or can they just be 'accepted' by the Directors?" he asked.

Trinkwon, who previously said he owns 500 shares worth \$100,000 in the fund, also said in his e-mail to group members that a Guernsey law requires a company to hold an annual general meeting once each calendar year and within 15 months of the previous meeting.

"Therefore EEA are just squeezing within the letter of the law by holding this AGM [annual general meeting] on 31st December 2013 and it is appropriate to include the resolutions dealing with the appointment of the new auditor, although they say that since the meeting will be adjourned (because 2012 accounts won't have been circulated in time) then the auditor resolutions will also be held over until the AGM is reconvened," he told investors' group members.

Thus, he said the issue over the 2012 accounts won't be resolved until possibly the next general meeting in December 2014.

"I will add these concerns to our long list of Corporate Governance issues which we are drafting for submission to the Regulator, but it looks as though EEA continue to skate around the spirit of the laws and rules while just about living within the letter," he said.

Trinkwon said in an e-mail to The Deal that holding two general meetings on Dec. 31, which will be adjourned, is "a pretty desperate stunt" because it's not a normal working day. "From a shareholder perspective, it stinks."

He previously said the group submitted a complaint to the Financial Conduct Authority in the U.K. in November and has had several contacts with the Guernsey regulator during the past six months.

Neither Dan Judge, a spokesman for the fund manager, nor Peter Winders, marketing director for the fund manager, returned an e-mail seeking comment.