

By Donna Horowitz
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EEA Fund Management Ltd. told an investors' group Thursday, Dec. 19, that it won't cancel its back-to-back annual meetings Dec. 31 in Guernsey, despite a request by the group to reschedule the meetings.

The EEA Investors Group had asked the London-based manager of the EEA Life Settlements Fund PCC to reschedule the meetings to January because they conflicted with shareholders' holiday plans and because of a lack of flights to Guernsey that day.

A fund representative responded to David Trinkwon, co-organizer of the investors' group, that the fund is legally required to hold an annual general meeting each year.

Semelia Hamon, a fund representative, told Trinkwon in an e-mail he shared with The Deal that "the meeting has been validly convened and cannot be cancelled, but the business of it can be adjourned." She said that's what the fund's board plans to do.

"In other words, with respect to the 2012 accounts, the board is proposing to do what we understand you are requesting," Hamon said.

The meetings have been scheduled to consider the financial statements for 2011 and 2012.

"With respect to your request for a resolution to censure the directors, whilst your criticism is noted by the board, we do not consider this resolution can lawfully be put to the meeting," Hamon added.

In a letter sent Tuesday, Dec. 17, to board chairman Mark Colton, Trinkwon had asked the board to consider a resolution allowing shareholders to censure the board for repeatedly failing to meet deadlines for publication of interim and final accounts for 2011 and 2012, for failing to resolve differences with the auditor for the 2011 account and failing to tell shareholders the reasons for the delays.

Trinkwon said he was not surprised by EEA's answer to his request, saying that's "standard EEA response."

In a follow-up e-mail to Hamon, he said the group had been "gravely concerned" that none of the platforms or nominees it knows about, including Royal Skandia, Skandia Ireland, Royal London 360, Aegon Ireland and Generali, have distributed the fund's notices or voting forms to their investors. In addition, he said some of those groups had not received the notices themselves.

"In addition, most are refusing to vote (or allowing their investors to vote) or to nominate a proxy for these AGMs [annual general meeting]," his e-mail said. "We know that some of the EEA direct investors have received their papers, but we're not sure how many or what proportion.

"This means that several investors who wanted to be represented at the meeting (not just for voting) have been denied that entitlement. Coupled with the difficulties facing the shareholders who wished to attend the Meetings, but couldn't because of the travel and holiday factors, it throws doubt on the validity of the distribution of the Notices as required under Company Law."

As before, he also sent a copy of this e-mail to Mark LePage, assistant director of the Guernsey Financial Services Commission, which regulates the fund.

EEA's 2012 annual report, which was released Dec. 12, showed that the value of the fund had dropped by \$178 million in 2012. The fund held 588 policies valued at \$693 million as the end of 2012 compared to 674 policies valued at \$871 million at the end of 2011.

The fund manager suspended the fund at the end of 2011 after the U.K.'s Financial Services Authority called life settlements a "toxic" asset. The fund manager said an onslaught of requests for redemptions forced it to suspend the fund due to a lack of liquidity.