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EEA INVESTORS' GROUP

Action Group For Life Settlements Class Action

Peter Lihou's **Action Group for Life Settlements** yesterday released a **letter** from the European Court of Human Rights (ECHR) in Strasbourg rejecting their group's claim against the UK Government and Financial Conduct Authority (FCA) for compensation in relation to the announcement by the Financial Services Authority (FSA) on 28th November 2011 which triggered the suspension of the Guernsey based EEA Life Settlements Fund. The claim had previously been rejected by the FCA in a **letter** dated 15th April 2015.

"We're sorry to see that the Peter's claim has run into legalistic brick walls" said David Trinkwon, coordinator of the parallel EEA Investors' Group which was formed in October 2013 and supported membership of Peter's Group and Campaign since it started in February 2014."

"We have asked Peter to extend an open invitation for his members to also join our own Group which is continuing to challenge EEA and its associated companies and advisors, plus the auditors (past and present) and Regulators in Guernsey, the UK and the USA concerning what we consider to have been mis-management and mis-representation of the EEA Fund, almost since inception. "

"Although the FSA announcement targeted in Peter's campaign undoubtedly triggered the EEA suspension and restructuring which blocked access to investors' funds, EEA itself has been responsible for the over-stated valuations prior to 2013 and the re-valuation losses since then. They have consistently underestimated the rate at which policies would generate cash for redemptions, and failed to take appropriate action when the actual maturities repeatedly failed to meet the expected performance."

"Maturities for the first half of 2015 are $27.5m, compared with various EEA predictions of more than $200m for the full year, and a first quarter achievement of only 25% of the Maple Life prediction in December 2014. There are currently 390 policies outstanding on 304 individual lives and this ought to generate more than $850m of future cash according to the 2014 EEA Annual Report, against a total outstanding shareholder capital of $790m. Our own analysis, based on the actual maturity data, shows that the net future cash could be as low as $500m, and even less if EEA chooses to start selling policies to cover premium payments, expenses and upcoming redemption requests "

Our website is **www.EEAInvestors.com** and our email address is **EEAInvestors@gmail.com**

BACKGROUND

The EEA Life Settlements Fund was launched in Guernsey in 2005, and has purchased 926 policies on the lives of United States persons diagnosed with illnesses or otherwise short life expectancy of 2-4 years (exceptionally up to eight years). The Fund was suspended in November 2011, following a controversial announcement by the UK Financial Services authority (FSA) that the investments in Traded Life Policies (TLPs) were “toxic” and possibly unsuitable for retail investors.

EEA Fund Management Ltd and Meteor Investments Ltd in London plus Riverstone Alternative Solutions Ltd in Mauritius and South Africa marketed the Guernsey-based Fund to investors in the UK and around the world during 2006 – 2011, promising target returns of more than 8% per annum. They sold more than $1.5bn (£1,000m) of shares to thousands of investors, of which around half is still stuck within in the Fund with diminishing prospects of investors getting their money back, even after five, ten or fifteen years.

Research by the EEA investors’ Group and independent experts shows that the Fund has been mis-managed and mis-represented to investors, Financial Advisors and Regulators almost since inception, based on flawed valuation and portfolio management by the Guernsey based Fund Manager, Directors and a US Investment Advisor called ViaSource Funding Group LLC.

EEA and ViaSource and their connected companies have taken more than $208m of fees, charges and other expenses over the years, 76% of them based on flawed valuations controlled by Directors associated with the companies concerned and a further 14% of non-valuation based expenses to the same associated companies.

In November 2011 the Fund was suspended as a result of warnings issued by the Financial Services Authority (now the FCA) following the collapse of KeyData and other Traded Life Policy Investments (TLPIs). In June 2013 the auditors Ernst and Young heavily qualified the delayed accounts for 2011 on the basis of overstated valuations and other factors. Ernst and Young subsequently resigned as auditors to the EEA Fund in August 2013 because they “could not foresee reaching agreement with the EEA Directors in any future audit”.

The Fund was revalued in June 2013, losing 20% ($200m) of its “fair value”, and was restructured in October 2013 under threat of “liquidation and heavy capital losses” if investors didn’t support the proposals. Since then, the remaining life insurance policies have failed to mature in accordance with EEA’s revised predictions, and the Fund had been unable to pay the expected share redemptions during 2014.

The EEA Investors’ Group has made many representations to EEA, the Guernsey Regulator and the UK FCA but we have yet to achieve the necessary degree of protection and returns for the stranded investors.

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