

If the links in this update (or on our web page www.EEAInvestors.com) don't work for you then please let me know

➤ **Litigation Proposal – Action Group for Life Settlements**

Peter Lihou's Action Group for Life Settlements has just announced the launch of a proposed Class Action against the UK Financial Conduct Authority (FCA). Participation is open to any EEA Investor in the World (direct or via intermediaries), including retail, institutional, professional and high net worth (HNW) investors.

Peter and I have had many discussions over the past year, and I believe that he has now brought his proposals to the point where all investors should give it serious consideration and support.

I have prepared [this Bulletin](#) and while it is tempting to say that we should just take a "watching brief", the reality is that the proposal needs support and finance to proceed, and investors need to register their participation in order to gain from any potential proceeds.

If you have any questions about Peter's proposal then please email peter@peterlihou.com (with a copy to me if possible).

If you have any questions about my Bulletin and your consideration about participating then please email or phone me.

If you are an IFA or other intermediary then please be sure to pass our Bulletin on to each of your EEA clients / investors so that they have the opportunity to consider the proposal and participate in a timely manner. You cannot do it for them and shouldn't ignore the proposal.

➤ **UK Financial Services Compensation Scheme (FSCS)**

Many of you are pursuing claims through the UK FSCS, and four members have now received letters from FSCS stating that their claim is valid and that the FSCS is calculating "interim payments" (except that these often turn out to be zero for various mathematical reasons). Because they view the EEA Fund as "illiquid" then they cannot calculate any final compensation until the final valuations are resolved. Members pointed out to FSCS that according to EEA predictions, this will take more than ten years but the FSCS says that they have received information from EEA to indicate that this is not true. I want to dig into this issue further, therefore :

- a) All members with FSCS claims underway, please let me know the status of your claim so that I can keep you informed of progress.
- b) If you have received a letter from the FSCS along the lines mentioned above, then please send me a copy as soon as possible.

➤ **December 2014 Results**

EEA have confirmed that as of 5th January 2015, six policies (five lives) matured during December 2014

These policies had a total NDB of \$9.45m, including two policies (one life) for \$7m NDB. In addition, a “late” maturity for November 2013 was also posted in December for \$0.25m NDB

I am estimating a cash balance of \$134.7m at 31st December. This will be confirmed or modified towards the end of January.

Description	Policies	Lives	Gross NDB
<i>Historical Average for Dec</i>	5.8	5.4	\$7.00m
Dec 2014 Actual Maturities	6	5	\$ 9.45m
Addnl Maturities booked	1	1	\$0.25m
Totals	7	6	\$9.7m

Cash b/f from 28 th Nov 2014	\$131.0m	Previously Estimated at \$131.6m Adjusted downwards from previous estimates
Estimated Premium Payments and Expenses (Dec)	\$(7.0)m	
Gross Income (NDB) from Maturities	\$9.7m	To be Confirmed
Adjustments and Other Items	\$1.0m	
Estimated Cash Balance at 31st Dec 2014	\$134.7m	

➤ **2014 Performance**

Portfolio

Description	2014 Year End (Dec)			Previous Predictions		
	Policies	Lives	Gross NDB	EEA F'Cast *	WP7A F'Cast **	
b/f From 31st Dec 2013	517	395	\$1,272m			
<i>Historical Average Maturities per year</i>	73	62	\$110m			
Actual Maturities in 2014	91†	60	\$124.8m (9.8%)	\$227m 18%	\$131m.NDB 10.3%	69 policies 56 Lives
Addnl Maturities from 2013	4	3	\$5.6m	0	0	
Totals	95† 18% (16%)†	63 16%	\$130.4m 10.1%	\$227m 18%	\$131m 10.3%	
Balance Remaining at 31 st Dec 2014	422	332	\$1142m	\$1,045m	\$1,139m	
less Policies Lapsed in Year	3	3	\$5.4m	n/a	\$2m	
c/f to 1st Jan 2015	419	329	\$1,136m	\$1,045m	\$1,137m	

† One life was covered by 14 policies for \$2.8m total NDB

Cashflow

b/f from 31 st Dec 2013	\$104.2m	* 2013 EEA Annual Report and Portfolio Statistics ** EEAIG WP7A Table 10
Estimated Premium Payments and Expenses	\$(85.0)m	
Maturities	\$130.4m	
October Run-off Redemption Payment	\$(14.6)m	
Estimated Adjustments and Other Items	\$5.0m	
Estimated 31st Dec 2014	\$134.7m	

The estimated year-end cash balance of \$135m is below the two-year premium reserve level of \$136m - \$145m (depending on assumptions), leaving nothing available for the December / January Run-off and Continuing share redemption payments unless the Directors decide (again) to over-ride the two-year premium reserve requirement in the Information Memorandum and Supplements.

➤ **Run-off Redemption and Continuing Shares – Optional / Discretionary 5% Redemption (December 2014)**

We will review these in our next update after EEA have announced their year-end results, portfolio review and redemption payments decisions.

MISCELLANEOUS

➤ **Life Settlements Valuations**

I know that most of you glaze over or find other things to do when this subject crops up, but I found a very [“simple” video](#) to describe the topic and its problems. EEA (almost uniquely amongst Life Settlement Funds since 2006) used the “Deterministic” method until 2013, but without using “Mortality Tables” because they claimed that these were inadequate for “impaired lives” and ViaSource’s unique expertise and regular medical reviews provided better and more reliable estimates ... !!!

➤ **UK ShareSoc Shareholders Rights Campaign – [new video](#) available.**

➤ **Hong Kong and Asian Investors**

There have been several new posts from Lindell Lucy this past two weeks which might be of interest to some of you : [*ILAS = Investment Linked Assurance Schemes*]

- [Hong Kong Meeting for ILAS Victims](#) : 16 people confirmed their intention to attend the meeting on 13th January. About half of the people are Chinese and half are Expats. About half were sold unauthorized toxic funds through portfolio bonds, and the other half were sold 25-year savings plans. The savings plans are also known as "offshore pensions", distributed by the same companies that distribute the portfolio bonds (i.e., Friends Provident, Generali, Skandia/OM, AXA, etc.).
Sin Chung-kai will soon be distributing an ILAS Victims Questionnaire to collect information about everyone's cases so that he can help pursue further action with regulators and government officials. If you are interested in taking up Mr. Sin's offer to help, then you must reply to his assistant Kingsley Poon. His email address is: kingsley@dphk.org. Mr. Sin's website is <http://sinchungkai.org.hk/en/>. The victims questionnaire will be distributed by Kingsley. Lindell recommends that you take advantage of Mr. Sin's offer to help. He appears to be the only member of Hong Kong's legislature who is currently taking serious notice of the epic scale of the insurance industry's exploitation of the general public. With Mr. Sin's help, you'll likely have a better chance of getting your money back.
- [ILAS Policies Are Still Toxic after Indemnity Commissions Have Been Banned](#) : Last year, the HK Office of the Commissioner of Insurance (OCI) banned insurance companies from paying indemnified commissions to their sales force. The new regulations went into effect on January 1st, 2015. Many people had speculated that this would result in insurance companies eliminating their massive, upfront charges, as these charges existed primarily to secretly pay massive indemnified commissions (often equivalent to more than one year of a policyholder's savings). The Securities and Futures Commission (SFC) authorizes all new ILAS products, and it publishes many of the principal brochures on its website. Four brochures of newly authorized ILAS policies have just been published. Three of them are single premium policies, and, of special interest, is one regular premium policy: AXA's Pulsar II Investment Insurance Plan.
- [Essential Info for HK ILAS Victims: How to File a Complaint](#) : ILAS victims (including savings scam and portfolio bomb victims) should file a complaint with every regulator and law enforcer that is responsible or potentially responsible for handling any matter related to your case. This will increase the likelihood of recovering your money. When you file a complaint with a self-regulatory organization make sure you also copy your complaint to the HK Office of the Commissioner of Insurance (OCI), which has a duty to monitor how these organizations handle your complaint. None of these self-regulatory organizations can be trusted, as the committee members are also the executives of companies which openly scam consumers and violate regulations. They protect their own interests, not the interests of the people they scammed. The article lists all the relevant regulators/law enforcers and their contact information, accompanied by notes which explain what the regulator/law enforcers do and other important facts.
- [LM and Other Unauthorized Fraudulent Fund Victims: Sharing Contact Info](#) : Lindell has compiled a list of contact info for all his members who wish to share information on their experiences and dealings with the companies mentioned in this article, including LM, Glanmore, Frontier Investments, Castlestone, Capricorn, Brandeaux, and Mansion plus EEA, Axiom, Centaur, and Lighthouse. If you wish to join this contact list then send an email to Lindell lindell@gmail.com

- [LM's Unauthorized Fund Documents: Distribution to the Public Was a Criminal Offence](#) : *This information is intended to be a resource for LM victims in Hong Kong who are filing complaints with SFC, OCI, the police, and any other authority. A link to this post has been sent to all authorities. If any readers are not familiar with the LM scandal, read the SCMP article, [When an Investment Fund Goes Bad](#)*
- Lindell has also provided a list of other articles of potential interest :
 - [Investment-Linked Insurance Schemes a Trap for Unwary Investors](#) (Sept. 30, 2013 – SCMP)
 - [Ex-clients Quizzed in Probe of DeVere](#) (Dec. 31, 2013 – SCMP)
 - [Scope seen for tighter regulation of insurance-linked investments](#) (SCMP – April 21, 2014)
 - [City insurance authority bans indemnity commissions](#) (SCMP – Aug. 5, 2014)
 - [Reforms on insurance-linked investment products bring shake-up](#) (SCMP – Aug. 11, 2014)
 - [Fallen Centaur fund linked to regulatory executive](#) (SCMP – Aug. 11, 2014)
 - [Expat investors launch suits against advisers, trustees and insurance firms](#) (SCMP – Aug. 28, 2014)
 - [Australian regulator moves against failed fund house LM](#) (SCMP – Nov. 20, 2014)

Kind Regards

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