

UPDATE 27<sup>th</sup> May 2015

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

➤ **FCA Decisions on KeyData Executives**

The UK Financial Conduct Authority (FCA) has published [Decision Notices](#) imposing record fines of more than £79m (\$115m) on three executives of KeyData Investments Ltd.

In the FCA's view, KeyData designed and sold investment products to retail investors in the UK via Independent Financial Advisors (IFAs).

The products were underpinned by Luxembourg based Bonds based (among other things) on the LifeMark Life Settlements Fund.

In the FCA's opinion the KeyData Executives failed to act with integrity and also misled the then Financial Services Authority (FSA) on a number of occasions in relation to the performance of the investment products.

The executives concerned are appealing the FCA Decisions.

The KeyData situation is not directly comparable to the EEA Life Settlements situation, but we are examining the FCA Decisions and comments to see whether there is scope for complaints to the FCA against EEA Fund Management Ltd (London) and/or Meteor related to their roles as promoters and sales / marketing agents for the EEA Fund to IFAs and investors in the UK and elsewhere, under their UK FSA/FCA registrations.

We are already examining the feasibility of relevant actions for fraudulent mis-representation etc under UK and Guernsey Fraud legislation.

➤ **Media Interest**

The UK magazine Private Eye published [an article](#) about the EEA situation two weeks ago.

We had answered some of their questions prior to publication and have agreed to keep them updated on future developments.

The BBC, ITV and UK media in general has actively reported the FCA Decisions and record fines imposed on the KeyData executives (see above) and have concentrated heavily on the "Death Bond" Life Settlements aspect though it wasn't necessarily the central point of the KeyData issues.

Please feel free to contact the organisations concerned to submit any comments that you would like to make on the topic of Life Settlements and EEA in particular.

We issued a [Media Release](#) to our numerous press contacts which also referred to [a letter](#) that we have just sent to EEA summarising our ongoing concerns with the EEA Fund.

We've answered questions from some of the media contacts today and one of them is interested in speaking to members who are willing to describe / discuss their EEA experiences and the impact on their lives or businesses.

If anyone is willing or able to participate (on an anonymised basis) then please let me know and I will make the appropriate introductions.

➤ **2015 EEA Performance (January - April)**

The portfolio continues to seriously underperform in terms of maturities and the cash balances available for redemption payments to investors. There was only one Maturity reported for April 2015, as shown below.

3 policies (2 lives) have matured so far in May, one life for \$5m and the other for \$2.75m

Description	Policies	Lives	Gross NDB
<i>Historic Average Jan-Mar</i>	22.7	17.8	\$30.00m
<i>April</i>	6.7	5.8	\$12.70m
<i>May</i>	7.0	5.3	\$9.00m
<b><i>Total Jan - May</i></b>	<b>36.3</b>	<b>29.0</b>	<b>\$51.70m</b>
2015 Actual Jan - Mar	13	11	\$ 10.98m
Apr	1	1	\$1.5m
May (to 26 <sup>th</sup> )	3	2	\$7.75m
<b><i>Sub-total Jan – May 26<sup>th</sup></i></b>	<b>17</b>	<b>14</b>	<b>\$20.23m</b>
<i>Late Postings from 2014</i>	4	2	\$7.75m
<b>Totals</b>	<b>21</b>	<b>16</b>	<b>\$27.98m</b>

EEA F'cast=\$80m. Maple Life  
F'cast=\$46m

<b>Cash b/f from 31<sup>st</sup> Dec 2014</b>	<b>\$134.07m</b>
Estimated Premium Payments and Expenses	<b>\$(35.00)m</b>
Continuing share redemptions (Feb)	<b>\$(4.09)m</b>
Gross Income (NDB) from Maturities	\$27.98m
Adjustments and Other Items (Feb)	\$6.50m
Attributable to Continuing Shares	<b>\$(5.4)m</b>
<b>Estimated Cash Balance at 26<sup>th</sup> May 2015</b>	<b>\$124m</b>

To 26<sup>th</sup> May  
Awaiting Explanation from EEA  
Awaiting Explanation from EEA  
To be updated for 31<sup>st</sup> May

*The current premium rate is \$68m per year, suggesting a two-year premium reserve level of around \$135m. This means that there is currently no cash available for redemption payments at the appropriate times (June 2015 for Run-off shares, December 2015 for continuing shares) unless there are significant improvements in Maturities during June and June – December respectively.*

## ➤ **Continuing Shares Redemptions**

The 23-month lock-up period under the restructuring expires at the end of November 2015, and the first “Redemption Day” is 1<sup>st</sup> December 2015. Any Continuing investor who wishes to redeem some or all of his/her shares at that time must submit a valid request to EEA in Guernsey by **Friday 25<sup>th</sup> September 2015**.

Redemption payments will then be made during January / February 2016, based on the amount of cash (if any) available within each Continuing Cell. Any request that is not fulfilled will be rolled over to the next (quarterly) Redemption Day on March 2016, and so on until completion (which could take several years, as with run-off shares)

If the available cash is not required to pay redemption requests then it might be invested in shares of the New Irish Fund and will then not be available to meet further redemption requests for several more years.

I will be publishing a special Bulletin in the July 2015 timeframe covering the pro’s and con’s of redemption, but my main concern is that EEA will not publicise the process in order to minimise the number of redemption requests by the September deadline.

All members (especially Advisors, platforms and other intermediaries) are asked to ensure that all Continuing shareholders are aware of the process and start to think about their options in good time.

## ➤ **de Vere**

Several items have been received from Lindell Lucy in Asia about problems related to de Vere activities, mostly in Hong Kong, Japan and New York. Not directly relevant to Europe and Africa but might be of more general interest. If you aren’t already registered with Lindell’s blog then please sign up [here](#).

Kind Regards  
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***I am happy to discuss your specific circumstances by phone or email at any time.***