

➤ **Maturities**

Two additional policy maturities (2 lives, \$5.22m NDB) have been added for June and July 2017 plus 7 policies (4 lives, \$10.1m NDB) for August and none (so far) for September.

Description		Policies	Lives	NDB
Historic Average (5yrs 2012 – 2016)	Jan-Mar	22.0	15.8	\$33.1m
	Apr- June	17.2	12.6	\$29.6m
	July	3.8	2.8	\$9.4m
	August	5.6	5.0	\$19.7m
	Sept	5.0	3.6	\$6.5m
	Total Jan – Sept		53.6	39.8
2017 Actual	Jan-Mar *	3	3	\$2.6m
	April - June	5	4	\$14.1m
	July	1	1	\$4.5m
	August	7	4	\$10.1m
	Sept (so far)	0	0	0
	Total Jan – Sept (so far)		16	12

* One Maturity (\$10m) reported for February 2017 has been corrected by EEA to October 2016 bringing the 2016 total maturities to \$122m against an original Maple Life (ML) estimate of \$103m with a projected range of \$60m - \$160m.

The current ML estimate for 2017 is \$67m, with a projected range of \$29m - \$110m

➤ **Redemption Requests – Continuing Shares**

If you haven't yet requested redemption of some or all of your **Continuing** shares, please note the following deadlines. If you have already requested redemptions then the request will be automatically carried forward quarter-by-quarter until your request is 100% fulfilled, subject to the Available Cash on each quarterly Redemption Day

Redemption Day 2 October 2017 – Too Late – the deadline for receipt of redemption requests was 29 June 2017.

Redemption Day 2 January 2018 – Too Late – the deadline for receipt of redemption requests was, 29 September 2017.

Redemption Day 2 April 2018 – deadline for receipt of redemption requests 5.00pm (Guernsey time), 28 December 2017.

A **Redemption Request Form** for direct EEA shareholders is available at www.eeafmq.gg/eea-life-settlements-fund. Earlier dates (or different forms) will apply if you are invested through a platform, pension or other nominee.

➤ **Redemption Payments – Continuing Shares**

At 31st August 2017 there was \$4.4m of Available Cash across all 13 Continuing Cells but this will fall to an estimated \$3.3m by 30th September.

The total outstanding requests at 2nd July 2017 amounted to \$11.4m (12% of the August Continuing Cell NAVs, varying from 3 – 75% per Cell). Additional requests might be added for the 2nd October Redemption Day.

EEA can choose to make redemption payments on 2nd October based on the September results, but the actual amounts will depend on the available cash within each Continuing Cell, and the queuing status for redemption requests within each Cell, as summarised below.

Completed Previously - No Outstanding Requests										
Outstanding Redemption Requests at 31 Aug NAV.										
Value of outstanding requests carried over from the relevant Redemption Day to 2 nd October Redemption Day										
Continuing Cell :	Dec 15	Mar 16	Jul 16	Oct 16	Jan 17	Apr 17	Jul 17	Total	% of Cell Nav (Aug)	Available Cash (Aug)
USD Fund Class X							\$1,264k	\$1,264k	12%	\$392k
USD Fund Dist		\$87k	\$79k	\$129k	\$7k	\$110k	\$0k	\$412k	51%	\$31k
USD Fund Acc			\$55k	\$150k	\$0k	\$44k	\$57k	\$306k	34%	\$34k
SEK Fund Class X								\$0k	0%	\$404k
Euro Fund Class X				\$622k	\$705k	\$1,568k	\$884k	\$3,778k	41%	\$353k
Euro Fund Dist		\$215k	\$8k	\$13k	\$58k	\$23k	\$0k	\$317k	75%	\$16k
Euro Fund Acc	\$268k	\$121k	\$36k	\$26k	\$0k	\$0k	\$10k	\$462k	86%	\$20k
Sterling Fund X							\$766k	\$766k	3%	\$1,057k
Sterling Fund Dist			\$0k	\$4k	\$237k	\$449k	\$257k	\$947k	18%	\$198k
Sterling Fund Acc						\$255k	\$1,982k	\$2,237k	7%	\$1,280k
Meteor SLS Fund					\$180k	\$196k	\$587k	\$963k	22%	\$168k
Meteor SLS Fund II				\$77k	\$116k	\$93k	\$214k	\$500k	14%	\$139k
Way LS Fund								\$0k	0%	\$300k
TOTALS	\$268k	\$423k	\$179k	\$1,021k	\$1,302k	\$2,738k	\$6,021k	\$11,953k	12%	\$4,391k
Cumulative Total	\$268k	\$691k	\$871k	\$1,891k	\$3,194k	\$5,932k	\$11,953k			

➤ **Redemption Payments – Run-off Shares**

At 31st August 2017 there was \$8.3m of Available Cash across the 15 Run-off Cells (approx 6% of the Run-off Cell NAVs). This will fall to an estimated \$6.7m by 30th September. EEA stipulate a minimum threshold of \$20m for redemption payouts, but might exercise their discretion to waive this restriction and make (small) redemption payments to Run-off shareholders if appropriate.

➤ **Enyo Law and EEA Litigation Management (ELM) Ltd**

For those members who have subscribed to the separate Litigation Group being led by Enyo Law LLP in London, you should note that Michael Green has now left Enyo Law. Your new contact is Tim Elliss Timothy.Elliss@enyolaw.com (Tel:+44 (0) 20 3837 1619)

According to Companies House, three of the four remaining Directors of ELM Ltd resigned during August 2017, leaving Peter Cloney pjcloney@gmail.com as the sole Director. However, when I queried this with Enyo and ELM Ltd on 24th September they immediately re-appointed the three Directors in new filings to Companies House dated 25th September.

Enyo distributed an update to the relevant members during August. If you haven't received one then please contact Tim Elliss. For the avoidance of doubt, I have not been involved with or responsible for the activities of ELM Ltd or Enyo Law since August 2016.

➤ **Liquidation**

In my April 2017 Update, I said that during 2017 / 2018 there might be a "crossover" point beyond which it would be more profitable (for investors) to sell off the remaining policies rather than hold them all to maturity. A lawsuit ¹ filed on 28th September in the U.S. District Court for the Southern District of New York in Manhattan by Coventry Capital US LLC reveals that EEA had been negotiating a sale of the remaining portfolio since earlier this year.

Coventry allege that representatives of EEA Life Settlements Inc. thwarted its efforts to buy the company's portfolio by continually changing the terms of the sale without any real intention of going through with it.

" This action arises out of a pattern of fraudulent, bad faith conduct by EEA, its lead contract negotiator, Vincent Piscear, and one of its senior officials, Hiren Patel, in undermining the negotiation of a 'Definitive Agreement' to sell a portfolio of life insurance policies to Coventry Capital,"

the 30-page suit says. Coventry accuses EEA of undermining negotiations to ensure that its affiliates continued to collect significant fees to manage the portfolio. Over the years, Coventry said EEA has charged its investors more than \$228 million in fees and other expenses. It further said that EEA only was using the sale as a ruse to appease its regulator and investors.

¹ See [Coventry Lawsuit](#) (pdf) dated 28th September 2017

The lawsuit also alleges that certain policies in the portfolio were priced on fraudulent medical records, false statements by insureds of their income and net worth on applications and were issued without insurable interest to conceal the true beneficiaries of the policies. Coventry said it told EEA it wanted to eliminate those policies from the transaction, but said EEA didn't agree. Coventry said this was not the first time EEA had been told of the fraudulent policies. On top of this, Coventry allege that EEA demanded that Coventry pay \$2.2 million for 12 months of premiums for fraudulent policies while EEA sought to sell them elsewhere.

I have today written to EEA ² and GFSC ³ to express our concerns at some of the matters raised in the lawsuit. In my view the projected sale could lose a further \$100m of future cash for investors, over and above the \$190m that we already lost through the 2015 sale of 187 policies. As EEA told me in March 2015, such a change in the “hold to maturity” investment policy would need to be approved by shareholders in a new resolution and shareholder vote – which hasn't happened.

I anticipate that EEA will be calling the 2017 Annual General Meeting (AGM) soon and expect that these matters will be discussed while I'm in Guernsey for the AGM.

It is clear that the EEA Fund is no longer a “going concern” (and probably never has been), relying on a stream of new investor funds (until November 2011) and policy sales since to cover off expenses and limited redemption payments to the remaining investors.

Dividend payments and Redemptions prior to November 2011 were paid for almost entirely from new investor funds, and the new investors became stuck with ongoing capital losses and a complete lack of projected 8-12% pa NAV growth.

\$m	2006-07	2007-08	2008-09	2H2009	2010	2011	2012	2013	2014	2015	2016	Total
Investment Income	6.3	12.6	66.6	32.9	76.8	156.4	124.5	129.5	142.9	231.0	123.6	1,103
Accrued Cost of Investments	(4.6)	(9.2)	(40.6)	(20.5)	(42.1)	(89.4)	(85.2)	(82.7)	(109.4)	(286.0)	(95.6)	(865)
Taxation	0.0	0.0	10.8	1.9	8.4	12.9	10.6	6.2	(1.4)	(6.8)	6.1	49
Gross Profit / Loss	1.7	3.4	36.8	14.2	43.0	80.0	49.9	53.0	32.1	(61.8)	34.2	287
Expenses	(2.1)	(7.9)	(27.9)	(20.0)	(38.9)	(55.4)	(21.7)	(16.5)	(17.5)	(12.7)	(7.7)	(228)
Net Profit / Loss	(0.3)	(4.5)	8.9	(5.7)	4.1	24.6	28.2	36.5	14.6	(74.5)	26.5	58
Cumulative Profit / Loss	(0.3)	(4.8)	4.1	(1.7)	2.5	27.0	55.3	91.8	106.4	31.9	58.4	
Dividends	0	(1)	(3)	(2)	(10)	(6)	0	0	0	0	0	(23)
Redemptions	(3.2)	(4.9)	(110.2)	(63.6)	(225.4)	(312.5)	(0.0)	0.0	(13.8)	(104.1)	(156.1)	(994)
Funding Surplus / Shortfall	(3.5)	(10.1)	(105)	(72)	(231)	(294)	28	37	1	(179)	(130)	(958)

During September 2017 the Fund would have breached its one-year minimum premium reserve obligation, but for the late reporting of \$15m of additional maturities for June, July and August and a \$2.2m reduction in the one-year premium reserve amount from \$39.5m to \$37.3m

² See [Letter to EEA \(pdf\) dated 2nd October 2017](#)

³ See [Letter to GFSC \(pdf\) dated 2nd October 2017](#)

➤ **Auditors**

In June 2015 we lodged a formal complaint with **Ernst and Young (Guernsey)** related to their 2008 – 2011 audits of the EEA Life Settlements Fund. Having not received any response we referred the Complaint to the Institute of Chartered Accountants in England and Wales (**ICAEW**) in June 2017. We have just completed our first working telephone conference with the ICAEW assessor and will help further with his investigation over the coming weeks.

I will soon be drafting a complaint to **Grant Thornton (Guernsey)** related to their 2012 – 2016 audits of the EEA Fund.

David Trinkwon

Director, Medley Systems Ltd
Coordinator – EEA Investors' Group

Tel : +44 (0) 7802 538315
+1 888-513-2726
Skype : david.trinkwon

DISCLAIMER : I do my best to provide sound information and personal opinions, but EEA state that investors should only rely on information provided by themselves or a regulated professional advisor – if you have one. Don't hesitate to contact me if you have any questions or need further information or clarification on any EEA related matter.