

GWG Holdings Files For Bankruptcy Protection - GWG L Bonds Update

A quick update on GWG Holdings for investors worried about GWG L Bonds due to the bankruptcy.

PALM BEACH, FL, USA, May 6, 2022 /EINPresswire.com/ -- GWG Holdings Inc. (NASDAQ: GWGH), also referred to as GWG, recently [filed for Chapter 11 protection in the US Bankruptcy Court](#) for the Southern District of Texas (case number 22-90032). The company reported approximately \$2.1 billion in total liabilities. For GWG investors holding bonds, preferred stock, or common stock, the recent declines in value and the bankruptcy could be devastating because it may mean they have or will incur investment losses on the value of those securities investments.



GWG failed to make January 15, 2022, L Bond principal and interest payments of \$3.25 million and \$10.35 million, respectively. These failed payments signaled some other significant issues at GWG. As a result, investors are looking at potential lawsuits and FINRA arbitration claims as possible avenues for investment loss recovery.

Matthew Thibaut, Esq., a founding partner of Haselkorn & Thibaut (InvestmentFraudLawyers.com) a nationwide law firm that is investigating these potential claims on behalf of investors with over 20 years of investment-related litigation and securities arbitration experience, commented that based on the calls we are getting recently, it appears that some financial advisors that were marketing GWG-related investments (and GWG L-Bonds in particular) were not accurately representing the level of risk associated with these high-yield securities.

Haselkorn & Thibaut has opened up a GWG investor hotline at 1-888-614-9356, and they have experienced attorneys available to provide a fast, free, friendly case evaluation for investors with questions regarding their GWG investments.

Following the early 2022 missed payments, understandably many financial advisors fielded

immediate client inquiries and concerns. Initially, many financial advisors downplayed the issue, isolating it to a temporary issue only impacting L Bond holders and noting that there was a purported grace period of 30 days for payment after becoming due, and while the missed payment was in fact considered a default, investors should not worry as it could still be addressed and possibly cured in the near term and was not effecting other securities issued by GWG.

As more time passed, along with the grace period expiration, investor fears came to fruition with more negative news and now most recently GWG's bankruptcy filing. How the bankruptcy filing impacts GWG investors is an open issue, but on the surface, it would appear that GWG L bond investors are not in great shape and real losses are likely to result. In addition, GWG holders of common and preferred stock should be concerned as well, as they are lower on the ladder compared to bond holders.

GWG's bankruptcy filing confirmed what had been recently rumored that GWG had significant cash flows and potential liquidation or restructuring alternatives were apparently the most viable option. In its bankruptcy filing, GWG appears to blame some or all its challenges on investigations conducted by the SEC concerning its sales practices. While that remains unclear, most investors are not concerned with the blame game as much as they are concerned with their investment losses.

As per GWG's filings with the Securities Exchange Commission (SEC) on 18th January, the decreased volume of sales of its L Bonds led to a shortage of capital being raised which resulted in a shortage of available cash. At that time, GWG Holdings Inc. has also indicated that the timely filing of the Annual Return of Form 10-K is also jeopardized as the accounting firm entrusted with the job has declined to offer itself for reappointment. This delay could also result in the sale of L Bonds being voluntarily suspended, and that was even before the grace period noted above had expired.

Many investors are now concerned not just about the missed interest payments, but also the potential loss of investment principal as well due to the bankruptcy. Some investors have already decided to take action, and are finding that one avenue of a potential recovery of investment losses appears to be a securities arbitration claim against the final advisor and/or firm that sold them the investments. These claims are typically administered through the Financial Regulatory Authority (typically referred to as a FINRA claim).

The nature of these types of claims often centers on the lack of due diligence efforts by the firm, the lack of proper supervision by the firm, or sales practice issues related to the manner in which the investment was marketed by the firm and pitched by the financial advisor to the investor.

One GWG investor asked not to be identified, but he said that the L Bonds were worth 20 and 30 cents per dollar. It is unclear if that is still the case.

As investors seek higher yields and diversification in this low-interest-rate environment, there's been an increasing push by financial advisors and brokers to re-direct client investments toward alternative investments and less traditional investment options, and in this example toward a life settlement business. Life settlement payouts may now generally be higher than in the past because of this increased demand for such investments.

Please call the experienced attorneys at Haselkorn & Thibaut, P.A. at 1-888-614-9356 or [visit their website](#) if you have any information related to GWG investments that were recommended by brokers or financial advisors. In addition, please do not hesitate to schedule a free consultation if you have questions about this announcement, your legal rights, or if you have purchased or acquired GWG stock or bonds in the past.

The sole purpose of this release is to investigate how the GWG investment products and strategies were approved for sale by broker-dealers and financial advisors to investor clients, how these investments were presented to individual investors, including broker-dealer new product reviews, due diligence, as well as the sales practice and supervision related to these investment products and investment strategies that included these products.

Haselkorn & Thibaut, P.A. is a law firm that specializes in handling investment fraud matters and FINRA arbitrations nationwide. The law firm has offices in Palm Beach, Florida, on Park Avenue in New York, and Phoenix, Arizona, Houston, Texas, and Cary, North Carolina. The attorneys have over 50 years of legal experience. They represent both individual and institutional investors seeking to aggressively pursue their claims and maximize their recovery of investment losses.

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