

GWG L Bond Investors Concerned As GWG Holdings Applies For Bankruptcy

GWG L Bond investors file lawsuits to recover losses.

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[AlphaBetaStock.com](https://www.alphabeta.com) reported that GWG Holdings Inc. (GWGH) applied for bankruptcy protection on April 20, 2022, with the Southern District of Texas Bankruptcy Court (case number 22-90032). The company announced in February 2022 that it wouldn't be able to meet its payment obligations on its L Bonds after missing principal and interest payments on the bonds totaling \$13,600,000. The life settlements support these L Bonds.



Investors who bought GWG L Bonds have suffered huge losses. The auditor for GWG Holdings quit in December of 2021. The company had total liabilities of over \$2 billion at the end of September 2021, which included \$1.55B of the L Bonds. The security interest of the L Bonds is subject to other outstanding debt, as per the GWG L Bond Prospectus.

Investors have filed lawsuits and complaints against GWG Holdings to recover funds. L Bondholders have allegations that investors did not fully understand the risks.

Matthew Thibaut, Esq., Haselkorn & Thibaut ([InvestmentFraudLawyers.com](https://www.investmentfraudlawyers.com)), 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.

The law firm has opened up a GWG investor hotline at 1-888-614-9356 for a free "GWG Holding Investment Recovery Guide" and a confidential evaluation to help investors.

GWG Holdings collected cash from bond buyers to invest in life insurance plans in the secondary marketplace. They later used the proceeds from these policies to compensate investors when

individuals died.

The NASDAQ-listed firm provides financing to secondary market term life insurance owners. The firm is not currently trading on the NASDAQ. In a federal complaint filed in the United States, GWG and its corporate officials are implicated in defrauding investors. The GWG issuer's supervising broker-dealer is Emerson Equity LLC. It is worth noting that GWG Holdings owns Life Epigenetics and GWG Life.

[GWG Holdings started issuing L Bonds](#) to the public in January of 2012 and continued to do so until April of 2021. Its s' L Bonds had a weighted-average interest rate of 7.25% on September 30, 2021, and 7.21% on December 31, 2020, respectively. At the end of the two time periods, the outstanding L Bonds principal amount plus liquidity bonds was below \$1.3B.

Beneficent Company Group LP (BEN)

According to the latest SEC filing data, one of GWG's largest shareholders is the Beneficent Company Group LP (BEN), alongside CONCERT Wealth Management Inc. BEN, a financial services firm headquartered in Dallas, markets a range of trust admin and liquidity offerings to alternative assets investors. The firm focuses mainly on mid and high-net-worth clients whose worth ranges from \$5 million to \$30 million-plus small-to-midsized institutional investors with investable assets of less than \$1 billion.

As per the class securities claim, GWG Holdings transferred approximately \$350,000,000 to BEN and its affiliates between 2018 and 2019. They issued \$366 million of the L Bonds to an affiliate. Unfortunately, GWG quickly came into liquidity issues as L Bonds were phased out by April 2021. GWG had committed its whole collection of term life insurance plans as security for debts to keep the company afloat till August 2021. These policies were subject to a fair value of roughly \$790 million at the time.

The Beneficent Company Group split from [GWG Holdings Inc. in](#) November 2021. Additionally, BEN paid off the Loan Agreement with GWG of nearly \$ 202 million by granting GWG ordinary limited partnership shares. As a consequence, BEN has no remaining debt with GWG. Before it was split out, Beneficent was under GWG Holdings' control up to November 2021.

The Beneficent Company Group and GWG signed a commercial credit agreement in January 2018. GWG purchased 82% of the total Beneficent Company Group's main limited partnership rights from current investors as part of this strategic engagement. The Beneficent Company Group was valued at up to \$ 800 million in the acquisition, which included a \$150 million capital injection in GWG.

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