

# FINRA Attorneys Answer Questions About GWG Holdings' Bankruptcy

*MDF Law Represents More than 30 Individual GWG L Bond Holders with Investments of Over \$4.5 Million*

NEW YORK, NEW YORK, UNITED STATES, May 20, 2022 /EINPresswire.com/ -- On April 20, 2022, [GWG Holdings, Inc.](#) ("GWG") filed for chapter 11 bankruptcy in the United States Bankruptcy Court for the Southern District of Texas. The case number is 22-90032. The following is intended to answer basic questions investors in GWG's L bond program may have about the recent bankruptcy filing. We are also providing answers about how our law firm is helping individual L bond holders recover money from the parties who were responsible for vetting GWG. The index numbers for the arbitrations referenced in this press release are FINRA Case No. 22-01086, 22-01015, 22-00896, 22-00447, 22-00843 and 22-00817.



Attorney Marc D. Fitapelli, MDF Law

If you have questions about this release, please contact Attorneys Marc Fitapelli or Jeffrey Saxon by calling 800-767-8040. We are happy to answer your questions at no cost or obligation to you.

What is your law firm doing? We are pursuing lawsuits in FINRA arbitration on behalf of individual GWG L bond holders. We currently represent more than 30 individual investors with over \$4 million invested in GWG. We represent L bond holders throughout the United States, including investors in California and Florida, where we represent investors from the Villages retirement community. We represent investors that have cases involving the following brokers: Tony Barouti (Emerson Equity, California), Mark Cline (National Securities, Florida), Marc Korsch (Centaurus Financial/NAV Advisors, Florida), John Schlagheck (Interinvest International Equities, Michigan), Daniel Beech (Western International Securities, California) and Thomas Schultz

(Coastal Equities, Arizona).

Can I contact you about my case? Yes, please contact Attorneys Marc Fitapelli or Jeffrey Saxon by calling 800-767-8040 or by email: marc@mdf-law.com and jeffrey@mdf-law.com.

What is chapter 11 reorganization? There are generally two basic ways companies can seek bankruptcy protection – liquidation and reorganization. GWG Holdings filed for reorganization. Its goal during reorganization will be to negotiate its debts, emerge from bankruptcy and continue operating. If it emerges from bankruptcy as a stronger company, it will do so at the expense of its creditors, especially L Bond holders.

Will the bankruptcy benefit L Bond holders? No.

Chapter 11 reorganization is process that allows a debtor to renegotiate its debts. It is true that GWG Holdings could emerge from bankruptcy with a strengthened financial position. However, this will come at the expense of L Bondholders. Under the bankruptcy code, the court can modify or extinguish the debt owed to you as an L Bond holder. Here is a simple example of how chapter 11 reorganization operates. I

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I represent more than 30 individual GWG L Bond investors with combined losses of over \$4.5 million. Call me directly at 212-658-1501 to learn why so many investors trusted us with their case.”

*Marc D. Fitapelli, Esq.*

own a home with a mortgage. If I file for chapter 11 bankruptcy, I can modify the terms of my mortgage with my bank. Instead of owing them \$100,000 at 4%, I can emerge from reorganization owing them \$50,000 at 2%. I would emerge from bankruptcy owning an asset (a home) that is more valuable. GWG Holdings is trying to do something similar. It wants to emerge from bankruptcy as a better company, but it can only do so at the expense of the L Bond holders. This is a very important point.

Is it true that GWG Holdings has billions in assets? No, this is not technically true. GWG Holding’s assets are held in a

series of subsidiary companies. It is unusual that these companies did not also file for bankruptcy. On April 21, 2022, the bankruptcy court held its first day hearing. We attended the first day hearing. During this hearing, Judge Isgur expressed concerned over GWG Holding’s lack of control over its assets. His courtroom comments were quoted the next day in the [Wall Street Journal](#), “[t]he picture I’m getting is an entity that has filed bankruptcy but has no control over



Attorney Jeffrey Saxon, MDF Law

anything it owns.” The April 21, 2022 hearing addressed an emergency request made by GWG for the court to approve a loan of \$18 million for its immediate operating costs, without which GWG would not have any money left. Despite the Judge’s skepticism, he approved the request on April 21, 2022 for only \$10 million and noted that “you can’t run a company like this with zero money at all.”

Why should it concern L Bond holders that GWG’s subsidiaries did not also file for bankruptcy? GWG Holdings does not directly own any of its assets (i.e. life insurance policies). These assets are owned by subsidiaries who have not also filed for bankruptcy. Since these subsidiaries did not also file for bankruptcy, the court does not have jurisdiction over GWG Holdings’ underlying assets. This raises complex legal issues, which will no doubt cause delay and added expense in the bankruptcy. We expect this to continue to be a significant issue when the bankruptcy court holds its next hearing on May 23, 2022.

Is it possible for the GWG Holdings case to be converted to chapter 11 liquidation? Yes. Under the bankruptcy code it is possible for any party to ask the court to convert a chapter 11 (reorganization) to a chapter 7 (liquidation). Of course, there are standards and limitations to seeking such relief, which are outside the scope of this article. For reasons that are too complex to discuss, we believe there is a likelihood this case could be converted to a liquidation. We will have more certainty by the summer of 2022.

When will the bankruptcy case be over? Litigation is unpredictable, but we can safely opine that the bankruptcy case likely will not conclude in 2022. Investors will have a better idea when the case may ultimately end by the fall of 2022.

When will there be more clarity over GWG Holdings’ finances? Under the bankruptcy code, GWG Holdings is required to file a plan for reorganization. This plan must be filed within 120 days, or within four months, from the date of the bankruptcy petition. The petition was filed on April 20, 2022. We can expect more information about the plan by the end of summer 2022.

Is it possible for GWG Holdings to continue payments to L Bond holders? This would require an order from the bankruptcy court. This is technically possible, but not likely. L Bond holders, if they get paid anything, can expect payment at the conclusion of the bankruptcy.

How much will I receive back from GWG Holdings’ bankruptcy? We are worried investors will receive \$0, but this is just our opinion. We base this opinion on our experience in similar cases and the facts of this case. Hopefully, we will know more about GWG's finances once it files its plan for reorganization later this summer. We can expect this plan will be very controversial and subject to protracted litigation.

If I can’t recover anything from GWG, what are my other options? You may be able to pursue a lawsuit against the salesperson or financial advisor who marketed GWG L Bonds to you. These lawsuits are usually handled through binding arbitration before the Financial Industry Regulatory

Authority, or FINRA. Our law firm exclusively handles these cases on behalf of investors.

What did my financial advisor do wrong? Your financial advisor committed professional negligence by selling GWG L bonds. We believe no prudent financial advisor should have sold GWG L bonds to their customers. GWG's private placement memorandum disclosed a highly complex and suspicious business operation. It is no surprise that GWG L bonds were sold by only a small fraction (less than 1%) of all licensed financial advisors. In addition to committing negligence, your financial advisor may have also misled you into believing that GWG L bonds were low risk investments.

I like my financial advisor and I don't want to sue them, what should I do? You should call and speak to an attorney about your options, which include filing a case only against the brokerage firm that employed your broker and not them personally. Don't make assumptions about your case without first speaking with an attorney. Feel free to call attorneys Marc Fitapelli or Jeffrey Saxon at MDF Law for a free and no obligation consultation. You have nothing to lose.

Should I wait to file a case against my financial advisor? No. Waiting will prejudice your recovery. Only a small handful of brokerage firms (less than 1% of all licensed firms) sold GWG L Bonds. We are currently experiencing a wave of litigation against these small brokerage firms. Many firms will simply go out of business. You have a compelling financial reason to act quickly. You also have a compelling legal reason to act now. There are time limitations (known as statute of limitations) that require you to promptly file a lawsuit after an injury. That time is running and the limitation deadline depends on a number of individual factors, including your state of residence. If you want to know more information, call us at 800-767-8040.

I lost other money with the same advisor or broker, can I also sue for that? Yes. If you lost money investing in other high risk investments, you may be able to sue to recover your investment losses. Based on our investigation, we believe that the advisors who sold GWG Holdings may have also sold other high commission products including annuities, business development corporations and non-traded REITs.

How much can I sue for? You can sue for your lost principal, plus interest and attorneys' fees. There are also various remedies available under state law depending on where you live. Each case is different so it is important that you discuss your particular situation with either attorney Marc Fitapelli or Jeffrey Saxon.

What's the difference between your law firm and the others that are advertising? Choosing the right [investor attorney](#) matters. We believe we have the experience and knowledge to get the job done right. Do your homework and take your time in choosing a FINRA attorney. Think about the salesperson that sold you GWG L bonds. Don't make the same mistakes twice.

Can I meet with you over Zoom? Yes. MDF Law is scheduling free Zoom consultations with attorneys Marc Fitapelli or Jeffrey Saxon. We also offer telephone and in-person consultations.

Please contact us to learn more and how to schedule a time to speak with an attorney either over the phone, on Zoom or in person.

How many investors in GWG Holdings does your law firm currently represent? We currently represent over 30 individual investors who have collectively lost more than \$4.5 million. We currently represent clients that purchased GWG L Bonds through the following brokerage firms: Emerson Equity, National Securities, Centaurus Financial, Intervest International Equities, Western International Securities, Coastal Equities

What other FINRA cases are you currently handling? In addition to the matters involving GWG Holdings, we represent groups of individual investors in other high profile securities fraud matters. For example, we recently filed multiple arbitrations against Oppenheimer & Co., Inc. involving the \$100 million Horizon Private Equity fund and John Woods. Those cases were filed in California, Georgia, Kentucky and North Carolina. We maintain a very active national docket with matters in multiple other jurisdictions, including Florida, where we represent GWG L bond holders from the Villages retirement community.

How many FINRA cases have you handled? Investor attorney Marc Fitapelli has handled hundreds of FINRA arbitration cases. He has helped investors recover over \$100 million dollars and has tried many cases to final verdict. His clients have been awarded punitive damages, interest and attorneys' fees by FINRA arbitration panels.

Do you have any more information about the case against my financial advisor? Yes. Please visit [www.GWGCase.com](http://www.GWGCase.com), where you will find a 15-minute video from attorney Marc Fitapelli. The video was filmed prior to GWG Holding's bankruptcy. It explains the FINRA process and answers important questions about suing your financial advisor. We expect to film and release a new video in the coming weeks.

What information do I need when I contact MDF Law about GWG? When you contact us, please provide us with the following information: (i) the name of your financial advisor; (ii) the amount and date of your investment in GWG L Bonds; and (iii) (if applicable) purchase dates and amounts of other investments you want our attorneys to review.

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