

# GWG L Bond Investor Education Alert: KlaymanToskes Answers Commonly Asked Questions

*Firm Encourages Investors to Act Quickly  
as Company Navigates Chapter 11  
Bankruptcy, SEC Investigation*

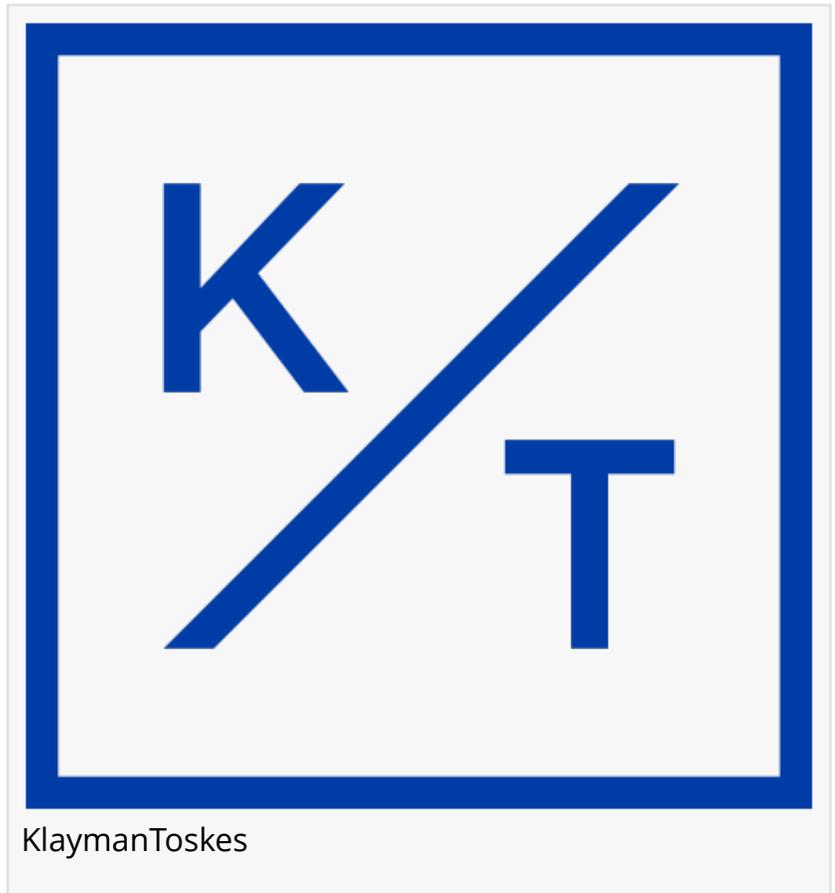
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STATES, May 27, 2022

/EINPresswire.com/ -- National  
investment fraud lawyers  
KlaymanToskes is currently  
representing numerous [GWG L Bond](#)  
investors in FINRA arbitrations against  
brokerage firms as GWG continues to  
navigate Chapter 11 bankruptcy and a  
SEC investigation into the sales of its L  
Bonds. In furtherance of, our firm has  
compiled a list of commonly asked  
questions relating to GWG, the  
Company's bankruptcy, and the L Bond  
investment loss recovery process.

How Can I Recover GWG L Bond  
Investment Losses?

Many GWG L Bond investors purchased their investments through brokerage firms using retirement funds at the recommendation from their financial advisor. Believing the [GWG L Bonds](#) to be safe, low-risk investments, investors are now scrambling to adjust to their new financial reality as the Company navigates Chapter 11 bankruptcy and a SEC investigation. GWG L Bondholders should attempt to recover investment losses through filing claims against their brokerage firms through FINRA. Further, KlaymanToskes encourages investors to file a claim in the GWG Bankruptcy as well as participate in the ongoing class action.

Why Pursue GWG L Bond Investment Losses with KlaymanToskes?



As a leading national securities law firm, KlaymanToskes has represented thousands of investors and has recovered more than \$230 million in FINRA arbitrations and over \$350 million in other securities litigation matters for its clients. Our sole focus is securities arbitration and litigation. Led by founding partner and former securities broker Lawrence L. Klayman, Esq., the firm is currently representing numerous GWG L Bond investors to attempt to recover their investment losses.

## What is FINRA Arbitration?

FINRA is a self-regulatory organization that licenses, monitors, and enforces the actions of financial advisors and brokerage firms. When customers open accounts with their brokerage firm, they are required to bring their disputes through FINRA's arbitration forum. Unlike litigation in a court of law, FINRA arbitration is a faster, less costly, and more efficient forum for investors to attempt a financial recovery. KlaymanToskes files claims in FINRA's arbitration forum to help GWG L Bondholders attempt to recover their investment losses. Brokerage firms that unsuitably recommended, misrepresented, or failed to conduct reasonable due diligence into GWG L Bonds is a basis for liability in a FINRA arbitration claim.

## What is the Difference between Class Action and FINRA Arbitration?

Class action lawsuits are designed to recover damages for a group or "class" of investors who sustained investment losses due to the same cause of action and security at issue. However, unlike FINRA arbitration, the class action process poses several obstacles to investors seeking recovery of their investment losses. For instance, securities class action lawsuits are regularly dismissed at the pleadings stage based upon the unique requirements necessary to sufficiently state a claim.

Also, while the plaintiffs filed a Complaint against GWG, the Court must first certify the class before progress is even possible, and only then will it determine if a class action is the best option to move forward for multiple similar claims. Further, the class action could take years to resolve whereas FINRA arbitration offers an efficient and personalized avenue to recover investment losses. Finally, in 2003, KlaymanToskes did a [study](#) showing that investors typically achieve an overall higher rate of recovery by filing an individual FINRA arbitration claim. The results are still true today. In FINRA arbitration cases, GWG L Bondholders can expect to have their individual, personalized case facts considered by the Arbitration Panel. Comparatively, these individual case facts are not considered in a class action.

## What Should I Know About the GWG Class Action?

Investors are encouraged to pursue all avenues to attempt a recovery of their GWG L Bond losses, including participation in the GWG Class Action. However, it is unclear what, if any, recovery there might be in the ongoing class action, especially since the class is not yet certified. Importantly, there is additional uncertainty about potential recovery as there may be limits to

GWG's errors and omissions insurance policy that could cap the damages in the event of a recovery. This is especially relevant as GWG owes \$1.6 billion in outstanding L Bonds. As such, KlaymanToskes encourages GWG L Bondholders to also file a FINRA arbitration claim against the brokerage firm that recommended the L bonds as an additional avenue of recovery.

### Will I Recover Money from the GWG Bankruptcy?

It remains unclear if GWG L Bondholders will recover any money from GWG's Chapter 11 bankruptcy. GWG's finances should be clear as the bankruptcy cases continue over the year. KlaymanToskes encourages GWG L Bondholders to file individual FINRA arbitration claims as it may be the best chance at recovering GWG L Bond losses. We also encourage investors to file bankruptcy claims before the deadline, which is currently set for July 29, 2022.

### How Long Will the GWG Bankruptcy Last?

Complex bankruptcy proceedings can last several years, and it is unknown how long the GWG Bankruptcy will last. KlaymanToskes encourages GWG L Bondholders to act quickly and explore their legal options considering the unpredictable timing of the bankruptcy.

### Can I Expect Interest and Principal Payments During the GWG Bankruptcy?

GWG L Bond investors are unlikely to receive interest and principal payments during the Company's bankruptcy. Typically, bondholders do not receive any payments during a corporate bankruptcy.

### What Happened with GWG L Bonds?

In January 2022, GWG Holdings, Inc. missed \$10.35 million of interest payments and \$3.25 million of principal payments to its L Bonds investors. The Company then defaulted on the bonds the following month in March 2022. Between the default, the Company's delisting from NASDAQ in April 2022, and the Company's ongoing bankruptcy and SEC investigation, the value of the illiquid bonds have most likely declined significantly, and it is our opinion that they may not be worth anything.

### What is the Status of the SEC Investigation?

SEC investigations can span over several years, which leaves GWG L Bond investors waiting for an answer to the status of their investments. For instance, the SEC began investigating GWG back in October 2020 regarding certain accounting matters and GWG's issuance of L Bonds. Within the past year, the SEC also issued subpoenas and document requests to individual brokerage firms that were selling or were considering selling GWG L Bonds. We do not expect the SEC investigation to conclude anytime soon, which is another reason why GWG L Bondholders should explore all their legal options quickly to recover their GWG L Bond losses.

## Who Sold GWG L Bonds?

According to bankruptcy filings, there are approximately 145 brokerage firms and investment advisors that sold GWG L Bonds. Among the firms alleged to have sold GWG L bonds include:

Aegis Capital, LLC  
Arque Capital, Ltd.  
Allied Beacon Partners  
Arete Wealth Management  
Barouti Financial Services  
Centaurus Financial, Inc.  
Center Street Securities  
Emerson Equity  
Moloney Securities  
National Securities Corporation  
NI Advisors  
Strategic Financial Partners  
Western International Securities, Inc.

## What is Emerson Equity's Role in the GWG L Bonds?

Emerson Equity is a brokerage firm that served as the managing broker-dealer for GWG L Bonds. As the managing broker-dealer, Emerson Equity had a unique perspective into GWG and its network of brokers, as they were charged with entering into agreements with other firms referred to as "selling group members" to authorize those broker-dealers to sell as many L Bonds as possible.

## How Soon Should I Act in Pursuing GWG L Bond Investment Losses?

KlaymanToskes encourages investors to act quickly as the GWG Bankruptcy is impacting broker-dealers across the country. For instance, in Emerson Equity's recently filed annual report, the GWG L Bond managing broker-dealer apparently acknowledged the impact of the GWG bankruptcy when it stated that "there was an offering that ceased distributions and redemptions and, as a result, this may have an adverse effect on the future financial condition or results of operations of the company." As such, KlaymanToskes encourages GWG L Bonds investors, especially those who purchased the investments through Emerson Equity, to act quickly to attempt a recovery of their investment losses.

## How Can I Learn More About GWG L Bonds Recovery Options?

GWG L Bondholders who have questions regarding the Company's Chapter 11 bankruptcy, and those who have information relating to the manner in which their GWG L Bond investments

were handled by their brokerage firms, are encouraged to contact Lawrence L. Klayman, Esq. at 1 (888) 997- 9956.

## About Us

KlaymanToskes is a leading national securities law firm which practices exclusively in the field of securities arbitration and litigation on behalf of retail and institutional investors throughout the world in large and complex securities matters. The firm has recovered more than \$230 million in FINRA arbitrations and over \$350 million in other securities litigation matters for its clients. KlaymanToskes has office locations in California, Florida, New York, and Puerto Rico.

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