

MDF Law Files Complaint Against Western International Securities over GWG L Bond Sales

Western International Securities was also sued by the Securities and Exchange Commission on June 16, 2022 in an unrelated case involving GWG L Bond sales.

LOS ANGELES, CALIFORNIA, USA, June 17, 2022 /EINPresswire.com/ -- MDF Law announces the filing of a FINRA arbitration complaint against Western

International Securities concerning the marketing of [GWG L bonds](#), through GWG Holdings. The case was filed in Los Angeles, California and the case number is FINRA Case Number 22-00896. The case involves customers of former representative Daniel Beech (CRD 6169844). The customers invested \$200,000 in GWG. They are seeking their principal, plus interest and attorneys' fees pursuant to the California Securities Act. Mr. Beech was not named personally.



We represent clients of Western International Securities who lost money investing in GWG L Bonds. Call me for a free consultation and to learn why so many L Bond Holders trusted us with their case."

Marc D. Fitapelli, Esq.

On June 16, 2022, the Securities and Exchange Commission charged Western International Securities and several of its brokers for selling GWG L Bonds to customers. The [SEC's complaint](#) was filed in the United States District Court for the Central District of California, index number 2:22-cv-04119. The allegations in the SEC's complaint against Western International Securities are similar to the private FINRA arbitration filed by MDF Law. The brokers named in the SEC's complaint are: Nancy Cole, Patrick Egan, Andy Gitipity Apon, Steven Graham and Thomas Swan. Former

advisor Daniel Beech was not named. The SEC Complaint alleges that Western International "failed to exercise reasonable diligence, care, and skill to understand the risks, rewards and costs associated with L Bonds and GWG."

GWG Holdings marketed securities it called "L Bonds" to retail investors throughout the United



States. The complaint against Western International Securities alleges that the firm was negligent in its decision to sell GWG L Bonds to investors. L Bonds were marketed by Western International to mostly elderly retail clients. It was pitched as a conservative investment with a guaranteed monthly payment. Unfortunately, this could not have been further from the truth. Here is the truth about GWG L bonds:

- L Bonds were not credit rated by any bond rating agency.
- GWG had a history of net losses and did not generate enough cash flows to support its operation.
- For the year ending December 31, 2019, GWG posted a net loss from operations of \$79.6 million and negative cash flows of \$142 million.
- GWG's largest asset is its portfolio of life insurance policies, which are worth \$796 million as of December 31, 2019. L Bonds are not secured by these assets.
- GWG's assets are pledged to other creditors.

In October 2020, GWG Holdings received a subpoena from the Securities and Exchange Commission but did not publicly disclose it until November 2021. Since disclosing it was under SEC investigation, GWG's public accountants have resigned, and it stopped making all payments to investors. In February 2022, a lawsuit accused the company of misusing investor funds. On April 20, 2022, GWG Holdings filed for bankruptcy in the United States Bankruptcy Court for the Southern District of Texas. At the time of filing, the company had more than \$2 billion in liabilities with its "assets" tied up in an obtuse web of corporate subsidiaries.

On April 21, 2022, the bankruptcy court held its first day hearing. During this hearing, the court expressed concern over GWG Holdings' lack of control over its assets. The judge's concerns were reported the next day in the Wall Street Journal. Due to these concerns, we believe GWG Holdings' bankruptcy case may be protracted – meaning it could last a long time. We also believe GWG L Bond holders may ultimately recover nothing. Investors should not wait to see what happens with GWG's bankruptcy.

MDF Law currently represents dozens of individual investors who have lost many millions of dollars investing in GWG L bonds. If you lost money investing in GWG L Bonds, please contact MDF Law for a free and confidential consultation. We are interested in speaking with you even if you are not a client of Western International Securities. Call us today for a free and confidential consultation. Call 800-767-8040 and ask to speak with attorneys Marc Fitapelli or Jeffrey Saxon.

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