

GWG Holdings Lawsuits (FINRA) Surge Against Broker-Dealers

GWG investors Should Contact The Nationwide Investment Fraud Law Firm, Haselkorn & Thibaut, To Help Them Recover GWG Holdings' Losses.

PALM BEACH, FL, USA, July 7, 2022 /EINPresswire.com/ -- The SEC filed a complaint against Western International Securities and five of its brokers last week. (Central District of California, Case # 2:22-cv-04119) for breaching Regulation BI (the firm's best interest obligations to investors when it recommended GWG Holdings Inc investments to clients).



GWG Holdings Inc. (NASDAQ: GWGH), also known as GWG, filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the Southern District of Texas (case number 22-90032). Total liabilities for the corporation were estimated to be around \$2.1 billion. The recent drops in the value of various stock and bond investments issued as well as the pending bankruptcy might be devastating for GWG investors who sold (or who may still be holding) various bonds, preferred stock, or common stock that were previously issued by GWG, as it could mean they have or will face investment losses based on the decline in the value of those securities.

While there were some prior rumors and suspicions circulating, one of the troubling signs appeared to some investors when GWG missed principal and interest payments of \$3.25 million and \$10.35 million on the L Bond issues when they were due on January 15, 2022. These missed payments pointed to a number of other potential problems at GWG. As of now, many GWG investors are considering possible lawsuits and FINRA arbitration claims as they assess their options for trying to recoup their investment losses.

Matthew Thibaut, Esq., a founding partner of Haselkorn & Thibaut ([InvestmentFraudLawyers.com](https://www.investmentfraudlawyers.com)), a nationwide law firm that is representing numerous clients in pending claims and investigating these potential claims on behalf of investors, commented:

"Based on the calls we've been getting recently, it appears that some financial advisors who were marketing GWG-related investments (and GWG L-Bonds in particular) to client investors that were seeking safe, conservative, investments" and those clients had little or no appreciation for the level of risk they were really incurring with these investments.

Haselkorn & Thibaut, P.A. has established a GWG investor hotline at 1-888-614-9356, where experienced attorneys can answer investor questions during a fast, free, and friendly preliminary case evaluation call, and investors can then decide among their options on how best to proceed in addressing any losses they have incurred in their GWG investments.

Following the early 2022 missing payments, many financial advisors were understandably inundated with client calls expressing concerns and seeking answers. Unfortunately, rather than accurately describing the current situation, many financial advisors initially tried to downplay the problems at GWG, some attempting to characterize the missed payment on the bonds as an isolated one-off situation that would be affecting only L Bond holders and pointing out that there was a purported grace period of 30 days for payment after it became due, and that while the missed payment was considered a default, investors should not be concerned because it could still be addressed and possibly cured in the near future. This information proved inaccurate on several levels.

With the passage of time and the expiration of the grace period, investor fears were realized with additional negative news and, most recently, GWG's bankruptcy filing. The impact of the bankruptcy filing on GWG investors remains unclear, and likely will remain that way for some time. On the surface, it appears that [GWG L bond \(as well as stock\)](#) investors are likely to see some potential investment losses. Furthermore, GWG common and preferred stockholders should also be concerned, given they are actually lower on the ladder in the bankruptcy case than bond holders.

GWG's bankruptcy filing confirmed what was (up until that point) rumors that the company had some looming cash flow and other related financial issues. Somewhat oddly, GWG appears to have suggested that some of the purported blame for its issues leading up to the bankruptcy supposedly could be traced to expenses related to recent SEC probes into its sales methods used in marketing its various securities. This is something of an odd explanation, as it is either that GWG had done nothing wrong and such matters with regulators would merely need to run their course as they often do with other publicly traded entities. Alternatively, if GWG was in fact failing to follow the laws, rules, regulations that applied, this explanation could imply that they believe GWG should have been entitled to continue such violations? While the answer is still unknown, most investors appear to more concerned with taking steps to reduce their financial losses, rather than trying to better understand GWG's explanations or trying to figure out the blame game.

According to GWG's filings with the Securities and Exchange Commission (SEC) on January 18th, a decline in the amount of sales of its L Bonds resulted in a capital shortage, resulting in a liquidity

shortage. GWG Holdings Inc. also stated at the time that the timely filing of the Annual Return of Form 10-K is in jeopardy since the accounting firm entrusted with the assignment has elected not to continue to provide such services. These factors (at that time) did not appear to reflect a situation where a 30-day grace period was all that might be needed, which calls into question the credibility and level of research conducted by any financial advisor that was downplaying such events. The totality of the circumstances does not appear to support such a conclusion, even based on the limited information available at that time.

Many investors are now experiencing the financial impact of not only missing interest payments but also the possibility of losing their investment principle as a result of the bankruptcy filing and related financial issues within GWG. Some investors have already opted to take action and are discovering that a securities arbitration claim against the financial advisor and/or firm that sold them the investments looks to be one path for recovering investment losses. That path in many instances appears to be the simple, least expensive, most efficient, and direct option to pursue. The Financial Regulatory Authority (FINRA) maintains an Office of Dispute Resolution that processes these types of claims. While not the only option available, it can make sense for some investors.

The FINRA arbitration process limits discovery to document exchanges and typically does not involve depositions of witnesses. As such, investors often seek to rely upon experienced attorneys that have experience handling these specific types of claims, as knowing what documents are needed in order to effectively establish both liability and damages in these claims is crucial for investors. In addition, with the help of experienced counsel, a review of appropriate documents could also assist investors in such claims to the extent investments were recommended to investors based on a negligent due diligence effort, negligent supervisory effort, or based on other various sales practices concerns connected to the manner in which the investment was sold by the firm and pitched to the investor by the financial advisor.

If you have any information about GWG investments that were recommended by brokers or financial advisors, [please contact Haselkorn & Thibaut, P.A.](#) at 1-888-614-9356. Furthermore, if you have any questions about your legal rights, or if you have purchased or acquired GWG stock or bonds and you have any questions, please do not hesitate to call now for a free consultation.

The sole purpose of this press release is to investigate the manner in which various FINRA broker-dealer firms and Registered Investment Advisory firms investigated, marketed, and sold GWG investment products and investment strategies that included various GWG investments. this investigation further includes, but is not limited to investigating any approvals with such firms for sales of these investments to investor clients, as well as how these investments were presented to individual investors, including broker-dealer new product reviews, due diligence, and sales practices and supervision related to these investment products and investment strategies that included such products.

Haselkorn & Thibaut, P.A. is a law practice that focuses on investment fraud cases and FINRA

securities arbitration claims all across the country. The law firm has offices and is available by appointment in Palm Beach, Florida, New York's Park Avenue location, Phoenix, Arizona, Houston, Texas, and Cary, North Carolina. The law firm is an experienced group of attorneys and paralegals with the attorneys having a combined legal experience of more than 50 years in handling these types of claims specifically. They represent both individual and institutional investors who want to pursue their claims aggressively and get the highest possible recovery as a result of their investment losses.

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