

June 2023 Update for GWG L Bond Holders

NEW YORK, NEW YORK, USA, June 16, 2023 /EINPresswire.com/ -- [MDF Law](#), PLLC, informs investors that they have the option to file individual lawsuits for recovery of losses from their investment in [GWG L Bonds](#). Based on recent disclosures from the GWG bankruptcy case, it is highly unlikely that L Bondholders will make a full recovery of their losses. We encourage investors to contact us to learn more about their options and how we can help further recovery from your investment losses.

GWG L Bonds

GWG L Bonds were primarily marketed and sold to retail customers through a network of broker-dealers. They were sold to novice retail investors by GWG Holdings Inc. through financial advisers and broker-dealer firms. They were pitched as a safe, low-risk investment that would produce regular monthly income with a guaranteed return of principal at the maturity of the bond.

Unfortunately, none of this was true. While unknown to investors at the time, GWG had actually been struggling financially for years. By the end of 2018, GWG's business model of purchasing a portfolio of life insurance policies was clearly failing. GWG had become insolvent by at least \$300 million. Instead of generating profits, GWG's answer to its financial problems was to simply sell more L Bonds to pay back the amounts owed on previous L Bonds. Predictably, this simply compounded its financial woes. The more L Bonds it sold, the more interest and maturity payments it was required to make on pre-existing and new L Bonds. Recent Filings in the bankruptcy have called GWG a "classic Ponzi scheme." A Ponzi scheme is a financial fraud where funds from new investments are used to pay back debts to prior investors. The most well-known case was the Bernie Madoff Ponzi scheme, which was discovered after the 2008 financial collapse, and left victims in financial ruin.

GWG Bankruptcy and Proposed Liquidation

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. GWG





If you invested in GWG L bonds, you may be able to pursue a claim against your broker-dealer for significant money damages. Call me at 800-767-8040 to learn more information."

Marc D. Fitapelli, Esq.

initially attempted "reorganization" through bankruptcy for the first few months of the bankruptcy. However, GWG has now relented and admitted the reality that the company must end its operations. This process will involve liquidating all of its remaining assets for distribution to L Bondholders. However, due to the substantial amount of outstanding debt, L Bondholders are likely to come well short of full recovery from their investment losses.

There is a pending proposed plan for the liquidation of GWG's assets to benefit Bondholders. This plan was

negotiated between GWG and the Bondholders Committee, which is the group that represents the interests of L Bondholders in the bankruptcy case. The plan has been endorsed by both parties. The plan proposes to place all remaining assets of GWG into two liquidating trusts so they can be sold off. The funds raised from the sales will be distributed to L Bondholders and other GWG creditors. Approval of this plan was subject to a vote of L Bondholders, which was completed on May 31, 2023. It is expected that the plan will be officially confirmed during a court hearing on June 15, 2023.

The goal of the proposed plan is to maximize reimbursement to L Bondholders. However, there will be no guarantee of a substantial payout. The Disclosure Statement released by the bankruptcy court for the plan addresses the possible value and risks involved with the liquidation plan. It lists the possible payout for L Bondholders under the proposed plan as a range anywhere from 9% to 100% of what they are owed. The range of possible payout is so large due to the speculative value of GWG's assets. The final payout will be largely contingent upon the value of a company that GWG holds interest in, called Beneficient, and a few other assets it still holds. While this range of possibilities is agreed upon by both the Bondholders Committee and GWG attorneys, there is no agreement on the likely final outcome. Our attorneys believe that little weight should be given to the high-end range of the payout amount, as the assets may be worth substantially less than they are purported to be.

How MDF Law Can Help You

MDF Law may be able to help you make an additional recovery of funds from your GWG losses. We are pursuing individual lawsuits for recovery against the brokerage firms that sold L Bonds to their clients. Brokerage firms and financial advisers must follow financial industry rules when recommending investment to customers. If they violate these rules, they can be held liable to the customer for their negligence. Based on what we have learned about L Bonds, no prudent financial adviser should have sold GWG L bonds to their customers. Any reasonable due diligence by a financial adviser would have spotted GWG's financial issues and declined to recommend L Bonds to any of its customers. This is why your financial adviser may not be giving you accurate information, as they are worried about being sued.

We currently represent more than 60 individual investors with over \$10 million invested in GWG. We represent L Bondholders throughout the United States. Please call our office to learn why so many investors decided to trust us with their case.

Please contact attorneys Marc Fitapelli or Jeffrey Saxon at 800-767-8040 for more information. You can also visit www.GWGCase.com.

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