

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

In re:

GWG Holdings, Inc., *et al.*<sup>1</sup>

Debtors.

Chapter 11

Case No. 22-90032 (MI)(Jointly  
Administered)

**JOINT STATUS REPORT OF THE WIND DOWN TRUST  
AND THE LITIGATION TRUST**

On April 20, 2022, GWG Holdings, Inc. and several affiliates filed voluntary bankruptcy petitions under chapter 11 of the Bankruptcy Code. On October 31, 2022, the DLP Debtors filed their own chapter 11 cases. On June 20, 2023, the Court confirmed the Debtors' joint Plan (the "Plan")<sup>2</sup> by entering its Findings of Fact, Conclusions of Law, and Order Confirming Debtors' Further Modified Second Amended Joint Chapter 11 Plan (ECF. No 1952) (the "Confirmation Order"). The Plan went effective on August 1, 2023 (the "Plan Effective Date"). The Wind Down Trust and the Litigation Trust were created pursuant to the Plan. Michael I. Goldberg was appointed as the trustee of the Litigation Trust. Elizabeth C. Freeman was appointed as the trustee of the Wind Down Trust (the "WDT Trustee"). The Trusts are governed by the Plan, Confirmation Order, the GWG Wind Down Trust Agreement (the "WDT Agreement") and the Litigation Trust Agreement.

The Litigation Trust received all of the Debtors' interest in the D&O Liability Insurance Policies (as defined in the Plan) and all of the Debtors' litigation claims. The net amount recovered from the pursuit or settlement of the litigation claims will be distributed by the Litigation Trust to the Wind Down Trust. The Wind Down Trust was vested with the reversionary and beneficial interest in the Litigation Trust plus all of the Debtors' non-litigation assets, including the following:

- 4,646,698 shares of Class A common stock, par value \$0.0001 per share of FOXO Technologies Inc. (NYSE American: FOXO) ("FOXO Stock");

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<sup>1</sup> The Debtors in these chapter 11 cases (these "Chapter 11 Cases"), along with the last four digits of each Debtor's federal tax identification number, are: GWG Holdings, Inc. (2607); GWG Life, LLC (6955); GWG Life USA, LLC (5538); GWG DLP Funding IV, LLC (2589); GWG DLP Funding VI, LLC (none); and GWG DLP Funding Holdings VI, LLC (none). Further information regarding the Debtors and these chapter 11 cases is available at the website of the Debtors' claims and noticing agent: <https://donlinrecano.com/gwg>.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

- 169,701,487 shares of Class A common stock, par value \$0.001 per share of Beneficient (NASDAQ:BENF) (the “Ben Stock”); and
- The Policy Portfolio Equity Interests.

The WDT Trustee is charged with liquidating the Wind Down Trust assets. As of the Plan Effective Date, the Debtors’ approximately 26,000 L bondholders, as well as other stakeholders (including all other general unsecured creditors, preferred equity holders, and common equity holders), hold interests in the Wind Down Trust (collectively, the “WDT Interest holders”). To extent available, WDT Interest holders will receive distributions from the Wind Down Trust in accordance with the Plan and WDT Agreement. The Wind Down Trust maintains a website to provide information to the WDT Interest holders at [www.gwgholdingstrust.com](http://www.gwgholdingstrust.com).

The WDT Trustee provides the following summary of major events to date regarding her efforts to liquidate the Wind Down Trust assets:

### **The Policy Portfolio Sale**

Following the Plan Effective Date, the WDT Trustee commenced a marketing process for the sale of the Policy Portfolio Equity Interests. After a thorough evaluation of available alternatives as well as an analysis of the ongoing costs to maintain the Policy Portfolio, the WDT Trustee elected to sell the Wind Down Trust’s interests in the Policy Portfolio to Apex Longevity Fund LLC (“Apex”). The Bankruptcy Court approved the sale on October 3, 2023. The sale closed on October 13, 2023. In addition to assuming the secured debt obligation of approximately \$605 million, Apex paid the Wind Down Trust \$10 million in cash.

### **Sale of FOXO Technologies, Inc. Stock**

On October 13, 2023, the Wind Down Trust sold its 4,646,698 shares of FOXO Stock. The Wind Down Trust realized net proceeds of \$586,942.

### **Beneficient Stock**

On September 29, 2023, Beneficient’s Registration Statement on Form S-1 (File No. 333-273322) (the “Registration Statement”) was declared effective by the Securities and Exchange Commission. The Registration Statement registers the offer and sale of shares of Ben Stock, from time to time, by the Wind Down Trust. Following effectiveness of the Registration Statement, the Wind Down Trust has begun selling a limited amount of shares of Ben Stock in the open market. As of the date of this report, the Wind Down Trust’s Ben Stock represents approximately 66% of the outstanding Class A common stock of Beneficient.<sup>3</sup> The WDT Trustee received a number of inquiries from WDT Interest holders regarding the possibility of distributing Ben Stock directly to interest holders in lieu of monetizing the shares. The WDT Trustee engaged securities counsel and is evaluating whether such a distribution of shares is feasible and in compliance with applicable law. If a process can be designed that is feasible, compliant and cost-effective, the

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<sup>3</sup> Based on a total of 257,209,584 shares of Beneficient’s Class A common stock, outstanding as of October 26, 2023, as disclosed in the Beneficient’s Registration Statement on Form S-1, as amended, filed with the SEC on October 26, 2023 (File No. 333-275174).

WDT Trustee will file a motion seeking approval of the process from the Bankruptcy Court. If the WDT Trustee determines that a distribution process is not feasible, compliant and cost-effective, the WDT Trustee will post a notice on the Wind Down Trust's website.

### **The Litigation Trust**

After the Plan Effective Date, the Litigation Trust Trustee retained Reid Collins & Tsai LLP to serve as litigation counsel for the Litigation Trust following an extensive interview process. Since that time, the Litigation Trust and its counsel have undertaken an investigation into the viability of litigation claims assigned to the Litigation Trust by the Plan, including collecting documents and information from various parties through Bankruptcy Rule 2004 subpoenas or otherwise. Because the Litigation Trust's information gathering process and analysis of potential claims is still ongoing, it cannot yet provide a definitive time frame as to if or when it will file any litigation. The Litigation Trust anticipates that it will be in a position to begin making such determinations early next year. In addition, the Litigation Trust has participated in one mediation with certain of the Debtors' former directors and officers and anticipates that that process will continue in the coming months.

### **Financial Statements**

Unaudited financial statements for the Wind Down Trust as of September 30, 2023 are attached.

**GWG WIND DOWN TRUST AND SUBSIDIARY**

*Financial Statements (Unaudited)*

*September 30, 2023*

# GWG WIND DOWN TRUST AND SUBSIDIARY

## BALANCE SHEET (Unaudited)

As of September 30, 2023

	<b>(unaudited)</b>
<b>ASSETS</b>	
Cash	\$ 23,389,431
Restricted Cash - Life Insurance Portfolio	29,557,427
Investment in Life Insurance Policies, at Fair Value	606,015,889
Life Insurance Policy Benefits Receivable	23,313,725
Marketable Securities	400,019,401
Marketable Securities – Litigation Share Reserve	40,000,000
Prepaid Insurance	2,098,919
<b>TOTAL ASSETS</b>	<b>\$ 1,124,394,792</b>
<b>LIABILITIES</b>	
Senior Secured Credit Facility	\$ 604,751,878
Interest Payable	2,133,656
Accounts Payable	8,210,183
Accrued Expenses	2,332,102
Prepaid Transaction Liability	10,000,000
Interestholder Liabilities	1,836,758,220
<b>TOTAL LIABILITIES</b>	<b>\$ 2,464,186,039</b>
Member Capital	(1,339,791,247)
<b>MEMBER'S DEFICIT</b>	<b>\$ (1,339,791,247)</b>
<b>TOTAL LIABILITIES AND MEMBER'S DEFICIT</b>	<b>\$ 1,124,394,792</b>

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**GWG WIND DOWN TRUST AND SUBSIDIARY****STATEMENT OF OPERATIONS (Unaudited)***Year-to-Date September 30, 2023*

	<b>(unaudited)</b>
<b>REVENUE</b>	
Gain on Life Insurance Policies, net	\$ 7,117,574
Interest and Other Income	78,568
<b>TOTAL REVENUE</b>	<b>\$ 7,196,142</b>
<b>EXPENSES</b>	
<b>Life Insurance Portfolio</b>	
Interest Expense	\$ 12,417,707
Legal and Professional Fees	236,588
Consultant Fees	258,500
Life Expectancy Reports	64,169
<b>Wind Down Trust General and Administrative</b>	
Legal and Professional Fees	1,086,643
Computer and Communications	91,080
Insurance	613,238
Other Expenses	327,768
<b>TOTAL EXPENSES</b>	<b>\$ 15,280,793</b>
<b>OTHER INCOME</b>	
Unrealized Holding Gain (Loss) Marketable Securities	\$ 82,611,541
<b>NET INCOME (LOSS)</b>	<b>\$ 74,526,890</b>

**GWG WIND DOWN TRUST AND SUBSIDIARY****STATEMENT OF CASH FLOWS (Unaudited)***Year-to-Date September 30, 2023*

	<b>(unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Income (Loss)	\$ (8,084,651)
Unrealized Holding Gain (Loss) - Marketable Securities	82,611,541
<b>Net Income (Loss)</b>	<b>\$ 74,526,890</b>
Adjustment to reconcile net income (loss) to net cash flow from operating activities:	
<b>(Increase) decrease in operating assets:</b>	
Policy benefits receivable	(23,313,725)
Prepaid Insurance	(2,098,919)
<b>Increase (decrease) in operating liabilities:</b>	
Accounts payable	8,210,183
Interest payable	2,133,656
Other accrued expenses	2,332,102
<b>Net Cash Flow from Operating Activities</b>	<b>\$ 61,790,187</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Investments in Life Insurance Policies	\$ (613,615,420)
Carrying value of matured life insurance policies	7,599,531
Marketable Securities	(400,019,401)
Marketable Securities – Litigation Share Reserve	(40,000,000)
Prepaid Transaction Liability	10,000,000
<b>Net Cash Flow from Investing Activities</b>	<b>\$ (1,036,035,290)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Senior Secured Credit Facility Debt Issuance, net	\$ 605,424,078
Payments for issuance of Senior Secured Credit Facility	(672,200)
Issuance of Interestholder Liabilities	1,836,758,220
Issuance of member capital	(1,414,318,137)
<b>Net Cash Flow from Financing Activities</b>	<b>\$ 1,027,191,961</b>
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	<b>\$ 52,946,858</b>
<b>Cash, Cash Equivalents and Restricted Cash:</b>	
Beginning of Period	-
End of Period	<b>\$ 52,946,858</b>

**GWG WIND DOWN TRUST AND SUBSIDIARY**  
**EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**September 30, 2023**

**Basis of Presentation**

The accompanying condensed consolidated financial statements as of and for the quarter ended September 30, 2023, included herein have been prepared by the GWG Winddown Trust ("WDT"), without audit. The September 30, 2023, unaudited financial statements include the activity for the period August 1, 2023 (effective date) through September 30, 2023. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted. The WDT believes that the disclosures included herein are adequate so as to make the information presented not misleading.

**Basis of Consolidation**

The unaudited condensed consolidated financial statements include the operations of the GWG Wind Down Trust and its wholly owned subsidiary, Life Recovery Fund, LLC.

**Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires the Trustee and her advisors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Marketable Securities and Marketable Securities Litigation Share Reserve**

The table below, summarizes common shares included in Marketable Securities and Marketable Securities Litigation Share Reserve as of September 30, 2023;

Common Shares Held	August 1, 2023	Changes in Share Count Per		September 30, 2023
		Fluctuations in Published Market Value		
FOXO Technologies, Inc.	4,646,698	-	-	4,646,698
Beneficient Shares	150,653,868	-	3,603,604	154,257,472
Beneficient Litigation Share Reserve (1)	19,047,619	(3,603,604)	-	15,444,015
Total Beneficient Shares	<u>169,701,487</u>			<u>169,701,487</u>

The table below, summarizes published values and mark to market adjustments for the Marketable Securities and Marketable Securities Litigation Share Reserve for the quarter ended September 30, 2023;

Common Shares \$	August 1, 2023 (unaudited)	Unrealized Holding		September 30, 2023 (unaudited)
		Gains (2) (unaudited)	Losses (2) (unaudited)	
FOXO Technologies, Inc	\$ 929,739	\$ -	\$ (437,190)	\$ 492,549
Beneficient Shares	316,478,121	83,048,731	-	399,526,852
Beneficient Litigation Share Reserve (1)	40,000,000	-	-	40,000,000
	<u>\$ 357,407,860</u>	<u>\$ 83,048,731</u>	<u>\$ (437,190)</u>	<u>\$ 440,019,401</u>

(1) The Beneficient Litigation Share Reserve includes \$40,000,000 of Beneficient common shares, held in reserve by the GWG Wind Down Trust, pursuant to Document 1952, filed in TXSB on June 20, 2023.

(2) Share values utilized herein have been derived from published market data. The market values utilized herein are not indicative of the WDT's opinion of value. The WDT will complete its valuation analysis of the Beneficient shares with 180 days of the effective date or no later than January 26, 2024.