

**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 FOR THE QUARTER ENDING DECEMBER 31, 2023**

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 (the "Litigation Trustee"). 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.

The Trustees previously filed a Joint Status Report for the quarter ending September 30, 2023, on November 14, 2023 [ECF No. 2301].

---

<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, were: 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.

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 the 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.

### **Fifth Season Litigation**

Prior to the confirmation of the Plan, the Debtors commenced litigation with Fifth Season Investments, LLC ("Fifth Season"). The dispute centered around Fifth Season's demand for \$18.3 million dollars plus fees and costs (totaling over \$24 million) based on an asserted break-up fee. A trial was conducted on the matter on October 3rd and 4th, 2023. After the close of evidence, but before closing arguments, the Trust and Fifth Season reached a settlement. The agreement provided for Fifth Season to have a claim of \$8 million. On November 16, 2023, the Court entered an Order approving the compromise with Fifth Season. (ECF No. 2305).

In connection with the Fifth Season Adversary, the Confirmation Order established the Wind Down Trust to set aside and reserve New Beneficent Shares ("BENF Reserve") having a value of \$40,000,000 as of the Effective Date of the Confirmation Order. The Trust will be responsible for an administrative claim to the extent the BENF Reserve is insufficient to pay the Fifth Season claim. As of today's date, \$1,848,738 in cash has been paid to Fifth Season.

### **Beneficent Stock**

On September 29, 2023, Beneficent'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 began 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 Beneficient share price has dropped significantly since Confirmation. On June 20, 2023, the share price closed at \$4.57. By the Effective Date, August 1, 2023, the share price closed at \$2.00. On February 14, 2024, the share price closed at \$0.29. The Trust employed an investment banker to assist with the sale of the shares, including exploring options for the sale of blocks of shares. Unfortunately, trading volumes and interest in the shares are low at this time. Further, Trust is subject to a number of restrictions with regards to liquidation of the shares.

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 continues 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 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. As of today's date, a feasible path to a share distribution has not been identified.

### **Professional Fee Accommodations**

After the Effective Date of the Plan, professionals retained during the bankruptcy case that were to be paid by the Debtors filed their applications for final approval of their pre-confirmation fees. The WDT Trustee successfully negotiated accommodations with many professionals. After comments from the Court during a hearing regarding approval of those fees, several additional professionals agreed to accommodations to those reached with other professionals – a 5% reduction from the professional fees requested.

The amounts necessary to pay professional fees was reserved in escrow held by the Wind Down Trust. The savings from accommodations has reached over \$4.5 million thus far. Two additional fee applications are pending. Additional accommodations are expected. The WDT benefits from the accommodations as any unused professional fee escrow funds belong to the Wind Down Trust.

### **Valuation as of the Effective Date**

Pursuant to the Wind Down Trust Agreement, Section 5.4, the Trust was required to provide to the WDT Interest holders, a report of the valuation of the Wind Down Trust Assets as of the Effective Date, August 1, 2023. On January 31, 2024, the Wind Down Trust filed the GWG Wind Down Trust Good Faith Valuation of Trust Assets (the "Valuation Report"). (ECF No. 2339). The Valuation Report and information to assist WDT Interest Holders in determining their respective interests can be found at [www.gwgholdingstrust.com/asset-values](http://www.gwgholdingstrust.com/asset-values).

---

<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).

## **Taxes**

The Wind Down Trust is targeting the filing of its 2023 tax return well before the April 15, 2024 deadline. Grantor Trust Letters be made available to Wind Down Trust interest holders as soon as possible. Information regarding obtaining the Grantor Trust Letters will be filed with the Court and posted on the Trust website under the Taxes/Financials tab.

## **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. To date, the Litigation Trust has issued more than 40 client file demands and draft or final subpoenas to law firms, auditors, valuation firms, banks, brokers, and other third parties. The Litigation Trust's information gathering process and analysis of potential claims is still ongoing, but the Litigation Trust anticipates commencing litigation on or before April 20, 2024, when the extension period provided for under 11 U.S.C. § 108 expires, and/or entering into tolling agreements with various parties to extend applicable limitations periods to allow adequate time for pre-suit negotiations or mediations. The Litigation Trust participated in one mediation with certain of the Debtors' former directors and officers in August 2023 and anticipates that another mediation will be held in the coming months.

The Trustees encourage holders to review the information found on the Trust website [www.gwgholdingstrust.com](http://www.gwgholdingstrust.com).