

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

In re:

GWG HOLDINGS, INC., *et al.*¹

Debtors.

Chapter 11

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

**GWG LITIGATION TRUSTEE'S MOTION FOR ENTRY
OF AN ORDER APPROVING SETTLEMENT AGREEMENT
WITH THE SABES DEFENDANTS**

This motion seeks an order that may adversely affect you. If you oppose the motion, you should immediately contact the moving party to resolve the dispute. If you and the moving party cannot agree, you must file a response and send a copy to the moving party. You must file and serve your response within 21 days of the date this was served on you. Your response must state why the motion should not be granted. If you do not file a timely response, the relief may be granted without further notice to you. If you oppose the motion and have not reached an agreement, you must attend the hearing. Unless the parties agree otherwise, the court may consider evidence at the hearing and may decide the motion at the hearing. Represented parties should act through their attorney.

A hearing will be conducted on this matter on April 16, 2025, at 2:30 P.M. (prevailing Central Time) in Courtroom 401, 4th floor, 515 Rusk Street, Houston, Texas 77002. You may participate in the hearing either in person or by an audio and video connection.

Audio communication will be by use of the Court's dial-in facility. You may access the facility at (832) 917-1510. Once connected, you will be asked to enter the conference room number. Judge Isgur's conference room number is 954554. Video communication will be by use of the GoToMeeting platform. Connect via the following URL: <https://www.gotomeet.me/JudgeIsgur> .

¹ The Debtors in 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 (6955); and GWG DLP Funding Holdings VI, LLC (6955). The location of Debtor GWG Holdings, Inc.'s principal place of business and the Debtors' service address is 325 N. St. Paul Street, Suite 2650 Dallas, TX 75201. 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>.

Michael I. Goldberg, in his capacity as the Trustee of the GWG Litigation Trust (the “Litigation Trustee”) files this motion requesting entry of an order approving the Settlement Agreement, attached as **Exhibit A** (the “Proposed Settlement”) by and among the Litigation Trustee and Jon R. Sabes and Steven F. Sabes (together, the “Sabes Brothers”) and their affiliated trusts and entities (collectively, the “Sabes Defendants”²) that are defendants in the adversary proceeding *Goldberg v. Sabes et al.*, Adv. Proc. No. 24-03089 (the “Sabes Adversary Proceeding”), and in support, states as follows.

PRELIMINARY STATEMENT

1. The Litigation Trustee seeks the Court’s approval of the Proposed Settlement, which resolves all claims the Litigation Trustee has against the Sabes Defendants related to the special dividend GWG paid to the Sabes Defendants on or around September 4, 2018 (the “Special Dividend”). The Proposed Settlement was the product of good-faith negotiations after months of discovery. The Proposed Settlement includes a \$2.3 million settlement payment to the Litigation Trust. This is a good result for the Litigation Trust for three reasons.

2. First, although the Litigation Trustee believes that he has good claims against the Sabes Defendants to avoid and recover the approximately \$18 million in fraudulent transfers received by the Sabes Defendants, the Litigation Trustee’s illegal dividend claim against the Sabes Brothers was subject to significant hurdles. Specifically, it would be difficult to show that they approved the Special Dividend in bad faith or otherwise in violation of Delaware statutory

² The Sabes Defendants named in the Second Amended Complaint (Sabes Adversary Proceeding, ECF No. 38) (the “Complaint”) are: Jon R. Sabes, Steven F. Sabes, SFS Holdings, LLC, Lyle Berman, as Trustee of Jon Sabes 1992 Trust No. 1, Lyle Berman, as Trustee of Brooke Sabes 1995 Trust, Lyle Berman, as Trustee of Jackson Sabes 1995 Trust, Robert W. Sabes, as Trustee of Moe Sabes 12.30.1976 Trust F/B/O Jon R. Sabes, Robert W. Sabes, as Trustee of Moe Sabes 12.30.1982 Trust F/B/O Jon R. Sabes, Robert W. Sabes, as Trustee of Esther Sabes 6.08.1992 Trust F/B/O Jon R. Sabes, Jon R. Sabes, as Trustee of Kristine Sabes 2000 Trust, Jon R. Sabes, as Trustee of Morgan Sabes 2012 Trust, and Insurance Strategies Fund, LLC.

law. The Sabes Brothers would have had a credible argument that they justifiably relied on information from Beneficient (formerly, The Beneficient Company Group L.P., and together with its general partner and wholly owned subsidiaries, “BEN”) and on professional firms that performed valuations of BEN, including BDO, Duff & Phelps, and Navigant (which was acquired by Ankura in 2018).

3. Second, establishing GWG’s insolvency was going to involve complex and uncertain calculations that hinged largely on the value of BEN in late 2018. Given the equity cushion that GWG otherwise had in 2018, the Litigation Trustee needed to show that GWG’s interests in BEN were effectively worthless as of the date of the Special Dividend in order to prove insolvency. While the evidence clearly indicated that GWG materially overvalued BEN, proving BEN was virtually worthless in late 2018 was not going to be an easy task. Litigating BEN’s value—and thus the measure of GWG’s solvency (or insolvency)—would have come down to a battle of the experts.

4. Third, the available insurance only covered the Sabes Brothers in their capacity as former directors of GWG. There is no insurance for the claims against other Sabes Defendants. In addition, with respect to the Sabes Brothers, there is uncertainty about whether the insurers would cover any judgment on the fraudulent transfer claim, which the Litigation Trustee believes is the stronger of the two claims asserted.³ Given the likely lack of insurance for the fraudulent transfer claim, the Litigation Trustee has doubts about his ability to collect from some or all the Sabes Defendants personally. Settling now removes the collection risks associated with continued litigation.

³ The primary policy contains an exclusion for “for any (a) deliberately fraudulent or deliberately criminal act or omission by an Insured; or (b) personal profit or remuneration gained by an Insured to which such Insured is not legally entitled.”

5. In sum, while the Litigation Trustee acknowledges that it would be possible to try the case and obtain a larger recovery against Sabes Defendants, he respectfully submits that the Proposed Settlement is fair, reasonable, and in the best interests of the Litigation Trust and its constituents. The \$2.3 million settlement amount is meaningful, takes into account the litigation risk the Litigation Trustee faces, and provides an immediate return while avoiding the significant delay and costs of litigation. Accordingly, the Litigation Trustee asks the Court to approve the Proposed Settlement by granting this Motion and entering an order granting the requested relief.

JURISDICTION AND VENUE

6. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Confirmation Order (Dkt. No. 1952). The Litigation Trustee confirms his consent to the entry of a final order by the Court in connection with this Motion. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The basis for the relief requested herein is section 105 of title 11 of the United States Code (the “Bankruptcy Code”), the Confirmation Order, and Federal Rule of Bankruptcy Procedure 9019.

BACKGROUND

A. The Litigation Trust.

7. On April 20, 2022 (the “Initial Petition Date”), GWG Holdings, Inc., GWG Life, LLC and GWG Life USA, LLC (collectively, the “Initial Debtors”), and on October 31, 2022, GWG DLP Funding IV, LLC, GWG DLP Funding Holdings VI, LLC, and GWG DLP Funding VI, LLC (collectively, the “DLP Debtors”, together with the Initial Debtors, the “Debtors”), commenced Chapter 11 Cases by filing voluntary petitions in the Bankruptcy Court for relief under chapter 11 of title 11 of the United States Code.

8. On June 20, 2023, the Bankruptcy Court entered its Findings of Fact, Conclusions of Law, and Order Confirming Debtors' Further Modified Second Amended Joint Chapter 11 Plan [Case No. 22-90032, ECF No. 1952] (the "Confirmation Order"), which confirmed the Debtors' Further Modified Second Amended Joint Chapter 11 Plan, submitted by the Debtors, the Bondholder Committee, and L Bond Management, LLC as Co-Proponents [Case No. 22-90032, ECF No. 1952] (the "Plan").

9. The Confirmation Order established the GWG Litigation Trust, appointed Michael I. Goldberg as the Litigation Trustee, and transferred all Retained Causes of Action, among other things, to the GWG Litigation Trust. Confirmation Order at 21; *see also GWG Litigation Trust Agreement* [Case No. 22-90032, ECF No. 1910] (the "Litigation Trust Agreement"). The Plan and Litigation Trust agreement granted the Litigation Trustee the power to investigate and pursue the Retained Causes of Action. *See* Litigation Trust Agreement §§ 3.2(a), 3.8. The Plan and Litigation Trust Agreement also empowered the Litigation Trustee to compromise and settle the Retained Causes of Action, but require the Litigation Trustee to seek approval from the Court, after notice and an opportunity for a hearing, for settlements "with an economic value of \$5 million or more." Plan Art. IV(Q); Litigation Trust Agreement at § 3.2(a).

10. The language of the Litigation Trust Agreement is not entirely clear, as it is not clear whether "economic value of \$5 million or more" refers to the final settlement amount, the amount of damages alleged in the Complaint, or some other amount (the net present value estimate of the economic value of the claims, for example). Although the ultimate settlement value here is less than \$5 million, the Litigation Trustee's alleged damages in the adversary proceeding exceed \$5 million. In addition, the Sabes Adversary Proceeding is pending before

this Court and is set for trial in June. Accordingly, the Litigation Trustee determined that he should submit this motion for the Court's approval of the settlement.

B. The Litigation Trustee's Investigation, the Litigation Trust's Potential Claims, and the Sabes Defendants' Defenses.

11. After its formation, the Litigation Trust obtained GWG's custodial documents from GWG's former counsel and received the documents produced to Official Bondholders' Committee of GWG Holdings, Inc. from the Wind Down Trustee. Thereafter, the Litigation Trustee and his counsel diligently reviewed those documents to investigate potential claims against the Sabes Defendants.

12. As a result of that intensive investigation, the Litigation Trustee and counsel determined that payments made by GWG related to GWG's initial "exchange transactions" with BEN in 2018 (the "Exchange Transactions") could give rise to potential claims against the Sabes Brothers and their affiliated entities. Ultimately, the Litigation Trustee determined he had two potential claims against the Sabes Defendants related the Special Dividend GWG paid to its common shareholders—primarily the Sabes Brothers—on or around September 4, 2018, in connection with the first closing of the Exchange Transactions with BEN on August 10, 2018.

13. First, the Trustee asserted a claim to recover the Special Dividend as an illegal dividend under Delaware statutory law, 8 Del. C. §§ 170-74. The basis of the claim was that the Sabes Brothers approved the Special Dividend in bad faith because they knew that the valuations of BEN on which the Exchange Transactions were based were unreliable and lacked credibility. Accordingly, the Sabes Brothers knew that after the first closing, GWG lacked the ability to pay its debts as they came due and thus lacked legally available funds to make the dividend. The Sabes Brothers denied the allegation and were prepared to argue that the Sabes Brothers relied in

good faith on information provided by BEN and by third party professionals that performed the valuations of BEN, including BDO (retained by GWG), Duff & Phelps, and Navigant.

14. Second, the Litigation Trustee and counsel sought to avoid and recover the Special Dividend as a constructive fraudulent transfer under §§ 544(b) and 550 of the bankruptcy code. This cause of action sought to recover from the Sabes Defendants—the Sabes Brothers and various entities affiliated with them—alleged constructive fraudulent transfers totaling \$18,164,189.

C. The Proposed Settlement.

15. The Proposed Settlement is the result of lengthy settlement discussions from the summer of 2024 to February 2025. Over the course of several months of fact discovery, the Litigation Trustee made voluminous productions to the Sabes Defendants, of over 700,000 documents, and the Litigation Trustee deposed former GWG director David Abramson. As fact discovery drew to a close and expert deadlines were approaching, the parties exchanged numerous settlement offers. On February 12, 2025, the parties were able to achieve a settlement.

16. The Proposed Settlement includes the following key terms of the Settlement Agreement (the “Agreement”), summarized below in pertinent part:⁴

Contingent Upon Court Approval. The Agreement is contingent upon, and will become effective only upon: (a) approval of this settlement and entry of an order by the Bankruptcy Court that grants the Rule 9019 Motion; and (b) that order becoming “Final” meaning following the conclusion or expiration of any right or time period of any person or party to object or to appeal or seek to rehear, reconsider, or modify the approved order in whole or in part. If the Court should decline to enter an order approving the settlement, the Parties shall work in good faith to address the reasons for the Court’s denial.

⁴ This summary is provided solely for ease of reference and is qualified in its entirety by reference to the Proposed Settlement, the actual terms of which are controlling. Defined terms not defined elsewhere in the Motion have the same meaning as the defined terms in the Settlement Agreement attached as Exhibit A.

Settlement Amount and Terms of Payment. The total Settlement Payment amount is \$2.3 million. The Sabes Defendants or their carrier shall pay the Settlement Payment by wire transfer as soon as funds are available following the Effective Date, and shall be made no more than fifteen (15) days after the Effective Date.

Mutual Release. The GWG Litigation Trust, for and on behalf of itself and Debtors, and to the fullest extent that has authority to do so, on behalf of Debtors' current and former creditors, subsidiaries, and affiliates and their respective directors, officers, managers, partners, employees, predecessors, successors, assigns, attorneys, consultants, representatives, licensees, accountants and auditors, insurers and agents (the "Releasing Trustee Parties") releases and forever discharges the Sabes Defendants, in any capacity, and all of their past, present and future heirs, executors, personal representatives, administrators, representatives, attorneys, professionals, officers, directors, employees, trustees, agents, shareholders, affiliates, partners, principals, members, insurers and reinsurers, predecessors, successors, assigns, and agents (the "Released Sabes Parties") from any and all claims, causes of action, proceedings, obligations, suits, debts, demands, agreements, promises, controversies, liabilities, and damages of any kind whatsoever, whether direct or derivative in nature, individual or on behalf of a class, whether based on federal, state, local, statutory or common law, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, known or unknown which the Releasing Trustee Parties ever had, now have, claim to have, or may in the future have or claim to have, that arise from or relate to the Retained Causes of Action (collectively, the "Released Trustee Claims").

The Sabes Defendants, for and on behalf of themselves, and to the fullest extent that they have authority to do so, on behalf of its heirs and assigns, attorneys, consultants, representatives, accountants and auditors, insurers, and agents ("Releasing Sabes Parties") release and forever discharge the GWG Litigation Trust, the Trustee, and Debtors (the "Released Trustee Parties"), from any and all claims, causes of action, proceedings, obligations, suits, debts, demands, agreements, promises, controversies, liabilities, and damages of any kind whatsoever, whether direct or derivative in nature, individual or on behalf of a class, whether based on federal, state, local, statutory or common law, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, known or unknown which the Releasing Sabes Parties ever had, now have, claim to have, or may in the future have or claim to have (collectively, the "Released Sabes Claims").

RELIEF REQUESTED

17. Through this Motion, pursuant to the Confirmation Order, 11 U.S.C. § 105(a), and Federal Rule of Bankruptcy Procedure 9019, the Litigation Trustee respectfully requests entry of an order approving the Proposed Settlement.

BASIS FOR RELIEF REQUESTED

18. Pursuant to section 105(a) of the Bankruptcy Code, a bankruptcy court “may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). In addition, the Confirmation Order provides, “[s]ubject to Article XI of the Plan, pursuant to sections 105(a) and 1142 of the Bankruptcy Code, this Court retains exclusive jurisdiction with respect to all matters arising from or related to these Chapter 11 Cases, the Plan, and the implementation of this Confirmation Order, including, without limitation, those matters set forth in Article XI of the Plan.” Confirmation Order ¶ 35.

19. The confirmed Plan provides that:

The Litigation Trust shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgement any [Retained Cause of Action] and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court; *provided*, that the entry into any settlement of any Claim, Cause of Action, or other dispute with an economic value of \$5 million or more (in the Litigation Trustee’s good faith determination) as of the date of the consummation, settlement, or resolution of such transaction or dispute shall require the approval of the Bankruptcy Court after notice and an opportunity for a hearing. Plan Art. IV(Q).

20. It is unclear from the confirmed Plan whether Bankruptcy Rule 9019 approval is required for this settlement (given that the settlement amount is less than \$5 million) or whether the Litigation Trustee can approve the settlement in his own business judgment without court approval. Regardless, the Litigation Trustee is seeking this Court’s approval of the settlement, and can easily satisfy the Bankruptcy Rule 9019 standard.⁵

⁵ Of course, if the business-judgment rule applied, there also would be no question about the Litigation Trustee’s approval of the settlement here. Where the “business judgment” rule applies, the decision-maker is required to articulate a “business justification” for the proposed transaction. *See, e.g., In re Cont’l Air Lines, Inc.*, 780 F.2d 1223 (5th Cir. 1986). Once a valid business justification is articulated, “[t]he business judgment rule ‘is a rebuttable presumption that in making a business decision the directors of a corporation acted on an informed basis, in good

21. Bankruptcy Rule 9019 authorizes the Court to approve the settlement of claims and controversies after notice and a hearing. Pursuant to Bankruptcy Rule 9019(a), a bankruptcy court may, after appropriate notice and a hearing, approve a compromise or settlement so long as the proposed settlement is fair, reasonable, and in the best interest of the estate. *See In re Age Refin. Inc.*, 801 F.3d 530, 540 (5th Cir. 2015).

22. Settlements are considered a “normal part of the process of reorganization” and a “desirable and wise method[] of bringing to a close proceedings otherwise lengthy, complicated and costly.” *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980). Indeed, “[t]o minimize litigation and expedite the administration of a bankruptcy estate, compromises are favored in bankruptcy.” *Myers v. Martin (In re Martin)*, 91 F.3d 389, 393 (3d Cir. 1996). Approval of a compromise is within the sound discretion of the bankruptcy court. *See, e.g., United States v. AWECO, Inc. (In re AWECO, Inc.)*, 725 F.2d 293, 297 (5th Cir. 1984); *In re Jackson Brewing Co.*, 624 F.2d at 602–03.

23. When evaluating a settlement, the role of the bankruptcy court is not to decide the issues in dispute. *Watts v. Williams*, 154 B.R. 56, 59 (S.D. Tex. 1993). Rather, the bankruptcy court determines whether the settlement as a whole falls within the range of reasonableness and is fair and equitable. *Id.* (citing *Protective Comm. for Indep. S’holders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968)); *see also In re: With Purpose, Inc.*, No. 23-30246, 2025 WL 271469, at *20 (Bankr. N.D. Tex. Jan. 22, 2025) (“The burden is on the Trustee, but he need only show that a compromise falls within the ‘range of reasonable litigation alternatives.’”) (quoting *In re Roquomore*, 393 B.R. 474, 480 (Bankr. S.D. Tex. 2008)); *id.* (“Rather than being

faith, and in the honest belief that the action taken was in the best interests of the company.” *Asarco LLC v. Ams. Mining Corp.*, 396 B.R. 278, 405 (S.D. Tex. 2008) (citations omitted).

forced to decide all questions of law and fact, courts have consistently held that a bankruptcy court need only ‘canvas the issues [to] see whether the settlement fall[s] below the lowest point in the range of reasonableness.’”) (quoting *In re W.T. Grant Co.*, 699 F.2d 599, 608 (2nd Cir. 1983)).

24. In determining whether a settlement is fair and equitable, courts in the Fifth Circuit apply “the three-part test set out in *Jackson Brewing* with a focus on comparing ‘the terms of the compromise with the likely rewards of litigation.’” *Official Comm. of Unsecured Creditors v. Moeller (In re Age Ref., Inc.)*, 801 F.3d 530, 540 (5th Cir. 2015) (quoting *In re Jackson Brewing Co.*, 624 F.2d 599, 602 (5th Cir. 1980)). The three *Jackson Brewing* factors are: (a) the probabilities of success in the litigation, with due consideration for uncertainty in fact and law; (b) the complexity and likely duration of the litigation and any attendant expense, inconvenience and delay; and (c) all other factors bearing on the wisdom of the compromise. *DeepRock Venture Partners, L.P. v. Beach (In re Beach)*, 731 Fed. Appx. 322, 325 (5th Cir. 2018) (internal citations omitted). In addition, under the rubric of the third, catch-all provision, the Fifth Circuit has identified two additional factors that bear on the decision to approve a proposed settlement: (a) whether the compromise serves “the best interests of the creditors, with proper deference to their reasonable views”; and (b) the extent to which the settlement is truly the product of arms-length bargaining and not of fraud or collusion. *Id.*

25. Each of these factors weigh in favor of approving the Proposed Settlement.

D. The Litigation Trustee Believes the Claims Against the Sabes Defendants Have Merit but Recognizes His Claims Remain Subject to Significant Risks and Uncertainty.

26. “[I]t is unnecessary to conduct a mini-trial to determine the probable outcome of any claims waived in [a] settlement.” *Cajun Elec.*, 119 F.3d at 356. Instead, the Court “need only apprise [itself] of the relevant facts and law so that [it] can make an informed and intelligent

decision.” *Id.* (quoting *LaSalle Nat’l Bank v. Holland (In re Am. Reserve Corp.)*, 841 F.2d 159, 163 (7th Cir. 1987)).

27. Here, complex valuation issues permeate the Litigation Trustee’s claims against the Sabes Defendants, making it difficult to estimate the probability of success with any certainty. There is no guarantee that any trier of fact will ultimately find for the Litigation Trustee on either cause of action.

28. ***Difficulty of Showing Bad Faith.*** Whether the Sabes Brothers acted in bad faith is an issue of fact that would not likely be resolved before trial. However, the Trustee recognizes that proving that the Sabes Brothers acted in bad faith in approving the Special Dividend would be difficult. The Trustee would need to show not only that BEN was worth a small fraction of what it claimed to be worth—enough that the first closing of the Exchange Transaction would render GWG insolvent—but also that the Sabes Brothers knew, or should have known, that both of these things were true. Showing that the Sabes Brothers had the requisite scienter will be especially difficult because they will argue that they were relying on information provided to them by BEN as well as by a number of third-party professionals that performed valuations of BEN. Further, the Sabes Brothers did not only rely on BEN’s own valuations, but they also caused GWG to hire its own firm, BDO, to provide a valuation of BEN and a fairness opinion about the Exchange Transactions. While the Litigation Trustee believes that it was certainly negligent for the Sabes Brothers to rely, without question, on the BDO opinion, proving that such reliance was grossly unreasonable or that the Sabes Brothers actually knew they were causing their company to buy a worthless asset will be very difficult.

29. In addition, it wasn’t only the Sabes Brothers who needed to approve the Exchange Transactions with BEN and the related Special Dividend. The entire board of directors

of GWG was required to approve, and did approve, both GWG's entanglement with BEN and the payment of the Special Dividend. While the Litigation Trustee believes that the Sabes Brothers had unique knowledge regarding BEN and the substantial risks associated with the investment, the Sabes Brothers were likely to argue that they shared all material information they received about BEN or the Exchange Transactions with the board of directors. The Trustee would be hard pressed to get testimony from any of the former directors that they did anything other than fulfill their duties to GWG in approving the relevant transactions.

30. ***Complex Valuation and Damages Questions.*** Whether or not GWG was solvent when the Special Dividend was paid hinges on whether GWG's investment in BEN through the Exchange Transactions rendered it insolvent at the time of payment. This, in turn, depends on the valuation of BEN, and therefore valuing the BEN-related debt and equity that GWG received in the Exchange Transactions will be necessary to quantify damages. The Litigation Trustee, which has been working with its valuation experts for several months, anticipates that the valuation issue will be hotly contested.

31. Valuation and related damages issues will require extensive expert analysis into BEN's business model; its complicated structure and the competing priorities between different classes of equity at different BEN entities; management's projections and the reliability of its statistical modeling; the underlying secondaries on which BEN's business was based; and a number of other factors (such as the appropriate discount rate applicable to BEN's projected cash flows) at an early stage of BEN's development. Given the inherent complexity involved in valuing BEN and each equity and debt instrument exchanged in the Exchange Transactions, as well as the failures of GWG's auditor to challenge BEN's valuation, the Litigation Trustee recognizes that valuation issues present significant litigation risk.

32. Given that GWG had an equity cushion in 2018, the Litigation Trustee would likely need to have shown that BEN was effectively worthless to render GWG insolvent on a balance-sheet basis. While the Litigation Trustee has no doubt that BEN was worth, at best, a small fraction of what it claimed, it would have been a very difficult task to essentially wipe out not only the value of the BEN equity held by GWG, but also the value of the sizable debt that BEN owed to GWG.⁶

33. If the Litigation Trustee was unable to show that GWG was insolvent under the balance-sheet test, it nonetheless might have been able to argue (at least for purposes of the fraudulent transfer claim) that GWG was insolvent under the other applicable insolvency tests.⁷ While the available evidence indicated that proving insolvency under these tests would have been easier than under the balance-sheet test, such a showing also would have involved complicated and costly expert analysis. And there certainly is no guarantee that the Litigation Trustee could meet its burden of proof under those insolvency tests either.

34. In sum, there are a number of complex legal and factual issues that impact the viability and value of the Litigation Trustee's claims against the Sabes Defendants, and it is far from certain that those issues will be decided in the Litigation Trustee's favor at trial or in any appeals that follow. The Litigation Trustee weighed this litigation risk against the Proposed Settlement, which allows for a meaningful distribution to the Litigation Trust's ultimate beneficiaries now.

⁶ See Complaint ¶¶ 31-35 (discussing GWG's investments in BEN pursuant to the Exchange Transactions).

⁷ In Texas, "[i]nsolvency can be proven in two ways: by showing that 'the sum of the debtor's debts is greater than all of the debtor's assets at a fair valuation,' or by showing that the debtor 'is generally not paying the debtor's debts as they become due.'" *Janvey v. Dillon Gage, Inc. of Dallas*, 856 F.3d 377, 387 (5th Cir. 2017) (citing Tex. Bus. & Comm. Code § 24.003(a), (b)). In Minnesota, "'a debtor is insolvent if, at a fair valuation, the sum of the debtor's debts is greater than the sum of the debtor's assets'" and "'a 'debtor that is generally not paying the debtor's debts as they become due other than as a result of a bona fide dispute is presumed to be insolvent.'" *Ahlgren v. Muller*, 555 F. Supp. 3d 688, 708 (D. Minn. 2021) (citing Minn. Stat. § 513.42(a), (b)).

35. The Litigation Trustee respectfully submits that the Proposed Settlement falls within the “range of reasonable litigation alternatives” given the risk inherent in litigating the complex factual and legal issues present. The Litigation Trustee thus submits that the first *Jackson Brewing* factor weighs in favor of the Proposed Settlement.

E. There Are Questions Regarding Whether the Available Insurance Would Cover Liability on the Fraudulent Transfer Claim.

36. The primary factor that drove the Trustee’s settlement concerned the merit-based risks to its claims. In addition to those risks, the Litigation Trustee considered (1) the risk that the available insurance would not cover any judgment on the fraudulent transfer claim, and (2) the time it would take to get to trial on liability and, ultimately, obtain a judgment against the Sabes Defendants.

37. Absent insurance coverage for the fraudulent transfer claim, and assuming the Litigation Trustee were to ultimately prevail on those claims, he would surely encounter difficulties in collecting a sizable judgment against the Sabes Defendants. Based on the Litigation Trustee’s investigation, the Sabes Brothers personally lack the assets to pay any more than a small portion of a judgment of the damages alleged. The Litigation Trustee understands that the Sabes Defendants were personally paying some portion of the costs of defense here as well, meaning that whatever assets existed for a potential settlement also were being depleted by the cost of the litigation. The Litigation Trustee has little insight into the assets of the various trust defendants and thus, the collectability of any judgment against those trusts is uncertain.

F. The Proposed Settlement Provides a Near-Term Distribution for the Litigation Trust’s Beneficiaries, Whereas Fully Litigating the Claims May Take Years and Would Be Costly.

38. The Litigation Trustee submits that the second *Jackson Brewing* factor also weighs in favor of the Proposed Settlement. Litigating the claims against the Sabes Defendants

to final judgment and through any appeals could take many months, or possibly years, to reach a conclusion.⁸ Although this case is set for trial on the insolvency issue in June 2025, there would still need to be another phase of the case focused on issues of liability, which has yet to be scheduled.⁹ Further, any appeals to the Fifth Circuit could add another year to the process, as the median time from filing an appeal to the issuance of an opinion or final order in the 12-month period ending September 30, 2023 was 10.7 months.¹⁰

39. The Proposed Settlement, by contrast, allows for a distribution much sooner. The Litigation Trustee will receive \$2.3 million within 15 days after the order approving the settlement is final. *See* Ex. A at § 3.

40. The Litigation Trustee also considered the expense associated with continuing to litigate claims against the Sabes Defendants. Namely, the Proposed Settlement will allow the Litigation Trustee to avoid substantial fees and expenses associated with the multiple expert witnesses necessary to provide testimony on the value of BEN and GWG's insolvency. In addition, the Proposed Settlement avoids the significant cost of going to trial twice (once on insolvency, and then again on liability).

G. The Paramount Interests of Creditors Are Served by the Proposed Settlement Agreement.

41. Based on a review and analysis of the Proposed Settlement, and after consultation with counsel, the Litigation Trustee determined in his reasoned and prudent business judgment

⁸ This Court likely could not enter final judgment—absent consent of the parties—on the Litigation Trustee's claims based on pre-petition acts and omissions unrelated to the bankruptcy case without running afoul of *Stern v. Marshall*.

⁹ U.S. District Courts, Median Time From Filings To Trial For Civil Cases In Which Trials Were Completed—During the 12-Month Periods Ending December 31, 2022 and 2023, <https://www.uscourts.gov/statistics/table/t-3/statistical-tables-federal-judiciary/2023/12/31>.

¹⁰ U.S. Courts of Appeals, Median Time for Civil and Criminal Cases Terminated on the Merits, by Circuit, During the 12-Month Period Ending September 30, 2023, https://www.uscourts.gov/sites/default/files/data_tables/jb_b4a_0930.2023.pdf.

that the Proposed Settlement is in the best interest of the Litigation Trust and those who ultimately benefit from its recoveries. The Proposed Settlement allows the Litigation Trust to recover from insurance policies, policies which would otherwise continue to fund the Sabes Brothers' defense costs. The Proposed Settlement also eliminates litigation risk, expense, and delay associated with pursuing claims against the Sabes Defendants through trial.

H. The Proposed Settlement Is the Product of a Good Faith, Arm's Length Negotiation.

42. The Proposed Settlement represents a good faith, reasonably negotiated arm's length resolution of the Litigation Trust's claims against the Sabes Defendants. As detailed above, the settlement was the product of many months of thorough investigation, extensive settlement negotiations, and intensive merits-related discussions between the Sabes Defendants and the Litigation Trustee. The Litigation Trustee engaged in these discussions in good faith, and all the negotiations were at arm's length. To the best of the Litigation Trustee's knowledge, the Sabes Defendants also acted in good faith in reaching the Proposed Settlement.

NOTICE

43. Prior to filing of this Motion, the Litigation Trustee coordinated with the Wind Down Trustee and her advisors and Stretto regarding service. The Litigation Trustee and Wind Down Trustee wish to ensure the broadest possible notice. A Service List was created that includes all parties on the master mailing matrix, including all WDT Interest holders. Further, the service list now includes individual indirect WDT Interest holders identified by the Wind Down Trustee. Service will occur by First Class US Mail on all parties and also by e-mail whenever possible. Because of the voluminous documents being served, Stretto anticipates that it may take several days to complete service of the Motion and its exhibits, including the Settlement Agreement. Stretto will file an affidavit of service with the Service List attached as soon as possible after service is completed. Further, this Motion will be posted on the GWG Trust

website. In addition, the Litigation Trustee respectfully requests that, in light of the time required for service, the Court set a hearing date at least 30 days after the date this Motion is filed.

PRAYER

44. WHEREFORE, the Litigation Trustee respectfully requests that the Court enter the Order, substantially in the form filed with this Motion, (i) granting this Motion; (ii) approving the Proposed Settlement by granting the Proposed Order attached hereto as **Exhibit B**; and (iii) granting all other relief that is appropriate under the circumstances.

Dated: March 7, 2025

REID COLLINS & TSAI LLP

By: /s/ Joshua J. Bruckerhoff
William T. Reid, IV
Tex. Bar No. 00788817
S.D. Tex. Bar No. 17074
Nathaniel J. Palmer (admitted *pro hac vice*)
Tex. Bar No. 24065864
Michael J. Yoder (admitted *pro hac vice*)
Tex. Bar No. 24056572
Joshua J. Bruckerhoff
Tex. Bar. No. 24059504
S.D. Tex. Bar No. 1049153
Morgan M. Menchaca
Tex. Bar No. 24103877
S.D. Tex. Bar No. 3697565
Dylan Jones (admitted *pro hac vice*)
Tex. Bar No. 24126834
Emma G. Culotta
Tex. Bar No. 24132034
S.D. Tex. Bar No. 3862661
Taylor A. Lewis (admitted *pro hac vice*)
Tex. Bar No. 24138317
1301 S. Capital of Texas Hwy
Building C, Suite 300
Austin, Texas 78746
(512) 647-6100
wreid@reidcollins.com
npalmer@reidcollins.com
myoder@reidcollins.com
jbruckerhoff@reidcollins.com

mmenchaca@reidcollins.com
djones@reidcollins.com
eculotta@reidcollins.com
tlewis@reidcollins.com

Tarek F.M. Saad (admitted *pro hac vice*)
Tex. Bar No. 00784892
420 Lexington Avenue, Suite 2731
New York, NY 10170
(212) 344-5203
tsaad@reidcollins.com

Counsel for the GWG Litigation Trustee

EXHIBIT A

Execution Version

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the “**Agreement**”) is entered into by and among (a) Michael I. Goldberg, as Trustee (“**Trustee**”) of the GWG Litigation Trust (the “**GWG Litigation Trust**”), as successor-in-interest to certain causes of action of Debtors GWG Holdings, Inc., GWG Life, LLC, GWG Life USA, LLC, GWG DLP Funding IV, LLC, GWG DLP Funding Holdings VI, LLC, and GWG DLP Funding VI, LLC, on the one hand, and (b) Jon R. Sabes; Steven F. Sabes; SFS Holdings, LLC; Lyle Berman, as Trustee of Jon Sabes 1992 Trust No. 1; Lyle Berman, as Trustee of Brooke Sabes 1995 Trust; Lyle Berman, as Trustee of Jackson Sabes 1995 Trust; Robert W. Sabes, as Trustee of Moe Sabes 12.30.1976 Trust F/B/O Jon R. Sabes; Robert W. Sabes, as Trustee of Moe Sabes 12.30.1982 Trust F/B/O Jon R. Sabes; Robert W. Sabes, as Trustee of Esther Sabes 6.08.1992 Trust F/B/O Jon R. Sabes; Jon R. Sabes, as Trustee of Kristine Sabes 2000 Trust; Jon R. Sabes, as Trustee of Morgan Sabes 2012 Trust; and Insurance Strategies Fund, LLC, on the other hand (collectively, the “**Sabes Defendants**” and together with the Trustee, the “**Parties**”), as of March 6, 2025 (the “**Execution Date**”).

BACKGROUND

WHEREAS, on April 20, 2022, GWG Holdings, Inc., GWG Life, LLC and GWG Life USA, LLC (collectively, the “**Initial Debtors**”), and on October 31, 2022, GWG DLP Funding IV, LLC, GWG DLP Funding Holdings VI, LLC, and GWG DLP Funding VI, LLC (collectively, the “**DLP Entities**”, together with the Initial Debtors, the “**Debtors**”), commenced chapter 11 cases by filing voluntary petitions in the Bankruptcy Court for relief under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas (the “**Bankruptcy Court**”);

WHEREAS, on June 20, 2023, the Bankruptcy Court entered its Findings of Fact, Conclusions of Law, and Order Confirming Debtors’ Further Modified Second Amended Joint Chapter 11 Plan (Case No. 22-90032, Docket No. 1952) (the “**Confirmation Order**”), which confirmed the Debtors’ Further Modified Second Amended Joint Chapter 11 Plan, submitted by the Debtors, the Bondholder Committee, and L Bond Management, LLC as Co-Proponents (the “**Plan**”), and on August 1, 2023, the effective date of the Plan occurred;

WHEREAS, the Plan and Confirmation Order established the GWG Wind Down Trust (“**Wind Down Trust**”), appointing Elizabeth Freeman as trustee (the “**Wind Down Trustee**”), for the purpose of winding down the business affairs of the Debtors, liquidating the Wind Down Trust assets, and making distributions to the Wind Down Trust interest holders in accordance with the Plan;

WHEREAS, the Plan and Confirmation Order established the GWG Litigation Trust, appointing Michael I. Goldberg as Trustee, for the purpose of prosecuting or settling the Retained Causes of Action, as that term is defined in the Plan, the proceeds of which are to be distributed to the Wind Down Trust, as sole beneficiary of the GWG Litigation Trust, for ultimate distribution by or at the direction of the Wind Down Trustee in accordance with Article VI.C of the Plan;

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WHEREAS, on April 19, 2024, the Trustee filed an adversary proceeding in the Bankruptcy Court against the Sabes Defendants, *Goldberg v. Sabes et al.*, Adv. Pro. No. 24-03089 (the “**Sabes Adversary Proceeding**”);

WHEREAS, the Trustee has consulted with the Wind Down Trustee concerning this Agreement and the terms thereof, and the Wind Down Trustee supports the settlement reflected herein; and

WHEREAS, to avoid the uncertainties, annoyance, and expense of further litigation, the Parties have agreed, without any party making any admission to any other party, to settle the Sabes Adversary Proceeding and all disputes and claims between the Parties.

NOW THEREFORE, in consideration of the mutual promises and statements contained herein and other good and valuable consideration, the receipt of which are hereby acknowledged, the Parties hereby stipulate and agree as follows:

1. Bankruptcy Court Approval. The Agreement is contingent upon the approval of the Bankruptcy Court. Following the Execution Date, the Trustee shall file a motion (the “**Rule 9019 Motion**”) in the Bankruptcy Court seeking entry of an order (the “**Approval Order**”) authorizing or approving the Agreement, including under Federal Rule of Bankruptcy Procedure 9019. The Sabes Defendants agree to cooperate with the Trustee in seeking approval of the Agreement. The Rule 9019 Motion shall request that the Bankruptcy Court approve this Agreement as a good-faith, arm’s-length compromise, and a fair and equitable resolution of the Trustee’s potential claims against the Sabes Defendants. If the Bankruptcy Court should decline to enter the Approval Order, the Parties shall work in good faith to address the reasons for the Bankruptcy Court’s denial.

2. Effective Date. The agreement shall be effective upon the satisfaction of the following conditions (the “**Effective Date**”): (i) each Party hereto has received a fully executed copy of this Agreement; and (ii) the Approval Order becomes a Final Order. As used herein, the term “**Final Order**” means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the subject matter, as entered on the docket of such court, and as to which: (a) the time to appeal, or otherwise seek reargument or rehearing has expired and no appeal or other proceedings for reargument, or rehearing has been timely taken, or (b) as to which any appeal that has been taken has been withdrawn or resolved by the highest court to which the order or judgment was appealed or reargument or rehearing shall have been denied, resulted in no stay pending appeal of such order, or has otherwise been dismissed with prejudice; provided, however, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure or Federal Rule of Bankruptcy Procedure 9024 may be filed with respect to such order shall not preclude such order from being a Final Order. The Trustee will provide prompt notice to the Sabes Defendants of when the Approval Order becomes a Final Order.

3. Payment Terms. The Sabes Defendants will pay or cause to be paid to the Trustee the total sum of two million three hundred thousand dollars (US\$2,300,000.00) (the “**Settlement Payment**”) as provided herein. The Settlement Payment shall be paid by wire transfer as soon as funds are available following the Effective Date, and shall be made no more than fifteen (15) days after the Effective Date.

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Payment by the Sabes Defendants may be made to the following escrow account controlled by Reid Collins & Tsai LLP as counsel for the GWG Litigation Trust:

Broadway National Bank
1177 Northeast Loop 410
San Antonio, Texas 78209
ABA No. 114021933
Credit Account No. 4100077126
F/B/O: Reid Collins & Tsai LLP IOLTA

In the event that the Final Order is reopened under Rule 60 of the Federal Rules of Civil Procedure or Rule 9024 of the Federal Rules of Bankruptcy Procedure or the releases included in this Agreement otherwise become ineffective, each of the Parties expressly reserves, and does not waive, any rights or remedies they may have with respect to the Settlement Payment, including but not limited to any right the Sabes Defendants may have to seek repayment of the Settlement Payment from the Trustee or Litigation Trust or their successors in interest.

4. Dismissal of Litigation. Within five (5) business days following the Effective Date, the Litigation Trust shall file a dismissal of the Sabes Adversary Proceeding, with prejudice.

5. Mutual Release. Upon the Effective Date set forth in paragraph 2:

(a) The GWG Litigation Trust, for and on behalf of itself and Debtors, and to the fullest extent that has authority to do so, on behalf of Debtors' current and former creditors, subsidiaries, and affiliates and their respective directors, officers, managers, partners, employees, predecessors, successors, assigns, attorneys, consultants, representatives, licensees, accountants and auditors, insurers and agents (the "**Releasing Trustee Parties**") releases and forever discharges the Sabes Defendants, in any capacity, and all of their past, present and future heirs, executors, personal representatives, administrators, representatives, attorneys, professionals, officers, directors, employees, trustees, agents, shareholders, affiliates, partners, principals, members, insurers and reinsurers, predecessors, successors, assigns, and agents (the "**Released Sabes Parties**") from any and all claims, causes of action, proceedings, obligations, suits, debts, demands, agreements, promises, controversies, liabilities, and damages of any kind whatsoever, whether direct or derivative in nature, individual or on behalf of a class, whether based on federal, state, local, statutory or common law, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, known or unknown which the Releasing Trustee Parties ever had, now have, claim to have, or may in the future have or claim to have, that arise from or relate to the Retained Causes of Action (collectively, the "**Released Trustee Claims**").

(b) The Sabes Defendants, for and on behalf of themselves, and to the fullest extent that they have authority to do so, on behalf of its heirs and assigns, attorneys, consultants, representatives, accountants and auditors, insurers, and agents ("**Releasing Sabes Parties**") release and forever discharge the GWG Litigation Trust, the Trustee, and Debtors (the "**Released Trustee Parties**"), from any and all claims, causes of action, proceedings, obligations, suits, debts, demands, agreements, promises, controversies,

Execution Version

liabilities, and damages of any kind whatsoever, whether direct or derivative in nature, individual or on behalf of a class, whether based on federal, state, local, statutory or common law, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, known or unknown which the Releasing Sabes Parties ever had, now have, claim to have, or may in the future have or claim to have (collectively, the “**Released Sabes Claims**”).

6. No Admission of Liability. The Parties acknowledge that the Settlement Payment was agreed upon as a compromise and final settlement of disputed claims and that payment of the Settlement Payment is not, and may not be construed as, an admission of liability by any of the Sabes Defendants and is not to be construed as an admission that any of the Sabes Defendants engaged in any negligent, wrongful, tortious, or unlawful activity. The Sabes Defendants specifically disclaim and deny (a) any liability to the Trustee and (b) engaging in any negligent, wrongful, tortious, or unlawful activity.

7. Choice of Law; Settling Person; Settlement Allocation. This Agreement is governed by and construed in accordance with the laws of the State of Texas without regard to choice-of-law principles. It is the intent of the Parties that each of the Sabes Defendants is a “settling person” under Subchapter B of Chapter 33 of the Texas Civil Practice and Remedies Code and that the Settlement Payment resolves any and all claims held by the Trustee.

8. Enforcement. Nothing contained herein will be interpreted as preventing any Party from filing suit to enforce any portion of this Agreement.

9. Entire Agreement. The recitals set forth at the beginning of this Agreement are incorporated by reference and made a part of this Agreement. This Agreement constitutes the entire agreement and understanding of the Parties and supersedes all prior negotiations and/or agreements, proposed or otherwise, written or oral, concerning the subject matter hereof. Furthermore, no modification of this Agreement shall be binding unless in writing and signed by each of the parties hereto.

10. Interpretation. Should any provision of this Agreement be declared or be determined by any court to be illegal or invalid, the validity of the remaining parts, terms, or provisions shall not be affected thereby and said illegal or invalid part, term, or provision shall be deemed not to be a part of this Agreement. The headings within this Agreement are purely for convenience and are not to be used as an aid in interpretation. Moreover, this Agreement shall not be construed against either Party as the author or drafter of the Agreement.

11. Reliance on Own Counsel. In entering into this Agreement, the Parties acknowledge that they have relied upon the legal advice of their respective attorneys, who are the attorneys of their own choosing, that such terms are fully understood and voluntarily accepted by them, and that, other than the consideration set forth herein, no promises or representations of any kind have been made to them by the other Party. The Parties represent and acknowledge that in executing this Agreement they did not rely, and have not relied, upon any representation or statement, whether oral or written, made by the other Party or by that other Party’s agents, representatives, or attorneys with regard to the subject matter, basis, or effect of this Agreement or otherwise.

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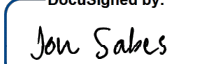
12. Counterparts. This Agreement may be executed in counterparts, and each counterpart, when executed, will have the efficacy of a signed original and may be delivered via mail, email (.pdf), or facsimile, any of which will be deemed an original, and such counterparts will together constitute but one Agreement. The Parties agree that this Agreement may be accepted, executed, or agreed to through the use of an electronic signature and will be binding on the Parties the same as if it were physically executed and the Parties hereby consent to the use of any third-party electronic signature capture service providers as may be chosen by any other Party.

13. Authority to Execute Agreement. By signing below, each Party warrants and represents that the person signing this Agreement on its behalf has authority to bind that Party and that the Party's execution of this Agreement is not in violation of any by-law, covenants, and/or other restrictions placed upon them by their respective entities.

(Signature pages follow)

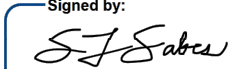
AGREED TO:

Jon R. Sabes:

Signed: DocuSigned by:

5A76695BCE3948A...

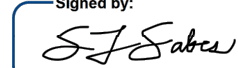
Dated: 3/6/2025

Steven F. Sabes:

Signed: Signed by:

C83EFEC7656D49D...

Dated: 3/6/2025

SFS Holdings, LLC:

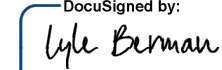
Signed: Signed by:

C83EFEC7656D49D...

Name: Steve Sabes

Title: Manager

Dated: 3/6/2025

Lyle Berman, as Trustee of Jon Sabes 1992 Trust No. 1:

Signed: DocuSigned by:

D65C6B2FFFB0434...

In his capacity as Trustee of Jon Sabes 1992 Trust No. 1

Dated: 3/6/2025

Lyle Berman, as Trustee of Brooke Sabes 1995 Trust:

Signed: DocuSigned by:
Lyle Berman
D65C6B2FFFB0434...

In his capacity as Trustee of Brooke Sabes 1995 Trust

Dated: 3/6/2025

Lyle Berman, as Trustee of Jackson Sabes 1995 Trust:

Signed: DocuSigned by:
Lyle Berman
D65C6B2FFFB0434...

In his capacity as Trustee of Jackson Sabes 1995 Trust

Dated: 3/6/2025

Robert W. Sabes, as Trustee of Moe Sabes 12.30.1976 Trust F/B/O Jon R. Sabes:

Signed: DocuSigned by:
Robert Sabes
3929E3695F2D413...

In his capacity as Trustee of Moe Sabes 12.30.1976 Trust F/B/O Jon R. Sabes

Dated: 3/6/2025

Robert W. Sabes, as Trustee of Moe Sabes 12.30.1982 Trust F/B/O Jon R. Sabes:

Signed: DocuSigned by:
Robert Sabes
3929E3695F2D413...

In his capacity as Trustee of Moe Sabes 12.30.1982 Trust F/B/O Jon R. Sabes

Dated: 3/6/2025

Execution Version

Robert W. Sabes, as Trustee of Esther Sabes 6.08.1992 Trust F/B/O Jon R. Sabes:

Signed: DocuSigned by:
Robert Sabes
3929E3695F2D413...

In his capacity as Trustee of Esther Sabes 6.08.1992 Trust F/B/O Jon R. Sabes

Dated: 3/6/2025

Jon R. Sabes, as Trustee of Kristine Sabes 2000 Trust:

Signed: DocuSigned by:
Jon Sabes
5A76695BCE3948A...

In his capacity as Trustee of Kristine Sabes 2000 Trust

Dated: 3/6/2025

Jon R. Sabes, as Trustee of Morgan Sabes 2012 Trust:

Signed: DocuSigned by:
Jon Sabes
5A76695BCE3948A...

In his capacity as Trustee of Morgan Sabes 2012 Trust

Dated: 3/6/2025

Insurance Strategies Fund, LLC:

Signed: Signed by:
SJS Sabes
C83EFEG7658D49D...


Name: Steve Sabes

Title: Manager

Dated: 3/6/2025

Execution Version

Michael I. Goldberg, as Trustee of the GWG Litigation Trust

Signed:  _____
Michael I. Goldberg Litigation Trustee (Mar 6, 2025 13:52 EST),

In his capacity as Trustee of the GWG Litigation Trust

Dated: 3/6/2025

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

<p>In re:</p> <p>GWG HOLDINGS, INC., <i>et al.</i>¹</p> <p style="text-align: center;">Debtors.</p>	<p>Chapter 11</p> <p>Case No. 22-90032 (MI) (Jointly Administered)</p>
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ORDER ON MOTION FOR ENTRY OF ORDER APPROVING SETTLEMENT

Upon consideration of the Motion for Entry of an Order Approving a Settlement and Compromise Pursuant to Bankruptcy Rule 9019 (the “Motion”),² seeking approval of the Proposed Settlement dated as of March 6, 2025, and attached hereto as Exhibit A (the “Proposed Settlement”); and upon consideration of the evidence admitted and all objections, if any, to the Motion having been withdrawn, resolved, or overruled on the merits; and this Court having considered the legal and factual bases for the relief requested in the Motion; and upon all of the proceedings had before this Court and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY FOUND AND DETERMINED THAT:

A. The findings and conclusions set forth herein constitute this Court’s findings of fact and conclusions of law pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedures (the “Bankruptcy Rules”), made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as

¹ The Debtors in 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 (6955); and GWG DLP Funding Holdings VI, LLC (6955). The location of Debtor GWG Holdings, Inc.’s principal place of business and the Debtors’ service address is 325 N. St. Paul Street, Suite 2650 Dallas, TX 75201. 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>.

² Unless otherwise defined herein, all capitalized terms have the same meaning as used in the Motion.

such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. The matters raised in the Motion are core proceedings pursuant to 28 U.S.C. § 157(b)(2).

C. Venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

D. Proper, sufficient, and adequate notice of the Motion and the hearing on the Motion have been given in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Plan, and no other or further notice is necessary.

E. The Litigation Trustee has consulted with The Wind Down Trustee regarding the Proposed Settlement Pursuant to Article IV.E.2 of the Plan.

F. The Proposed Settlement and the transactions, compromises, and releases provided therein are reasonable and appropriate under the circumstances, and the GWG Litigation Trust has demonstrated both (i) good, sufficient, and sound business purposes and justification for the Proposed Settlement and the transactions, compromises, and releases provided therein, and (ii) compelling circumstances for approval of the Proposed Settlement pursuant to Bankruptcy Rule 9019.

G. Based upon the evidence and arguments, this Court has weighed the probability of success in litigation, the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending to it. This Court has also taken into account the paramount interest of creditors and, based on all of the foregoing, has determined that the relief requested in the Motion is fair and equitable, in the best interests of the GWG Litigation Trust, and should be approved in all respects.

H. The terms of the Proposed Settlement and the transactions, compromises, and releases provided therein were negotiated and agreed to by the GWG Litigation Trust and the Sabes Defendants, each of whom was represented by competent counsel, in good faith, without collusion, and as a result of arm's-length bargaining.

Therefore, **IT IS HEREBY ORDERED, DETERMINED, ADJUDGED, AND DECREED THAT:**

1. The Proposed Settlement is approved.
2. The Litigation Trust, the Sabes Defendants, and their insurers are authorized to take such steps and actions as may be necessary or appropriate to implement the terms of the Proposed Settlement and this Order.
3. The terms and conditions of this Order shall be effective and enforceable upon its entry.
4. This Court retains jurisdiction with respect to all matters arising from or related to the Proposed Settlement or this Order.

Dated: _____, 2025
Houston, Texas

MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE