

**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)

**LITIGATION TRUSTEE'S MOTION FOR ENTRY OF AN ORDER
APPROVING SETTLEMENT AGREEMENT WITH
PAUL CAPITAL ADVISORS, LLC AND ITS AFFILIATES**

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.

¹ The Debtors in 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 (6955); and GWG DLP Funding Holdings VI, LLC (6955). Information regarding these chapter 11 cases is available at www.gwgholdingstrust.com.

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 pursuant to Federal Rule of Bankruptcy Procedure 9019 approving the Settlement Agreement, attached as **Exhibit A** (the “Proposed Settlement”) by and among the Litigation Trustee and Paul Capital Advisors, LLC and affiliated entities (the “PCA Parties” and collectively with the Litigation Trustee, the “Settling Parties”), and in support, states as follows.

PRELIMINARY STATEMENT

1. The Litigation Trustee respectfully submits that the Proposed Settlement with the PCA Parties represents a fair, reasonable, and value-maximizing resolution of complex disputed claims. The Proposed Settlement secures a \$1.9 million payment to the Litigation Trust, resolves the PCA Parties’ *\$400 million* proofs of claim, and provides meaningful, immediate benefits to former bondholders of GWG Holdings, Inc. (together with its affiliates, “GWG”)—while avoiding the risk, expense, and delay of years of litigation with uncertain outcomes.

2. As discussed below, the Litigation Trustee’s investigation revealed potentially colorable claims against the PCA Parties arising out of a \$25 million payment that certain of the PCA Parties received from The Beneficient Company Group, L.P. and/or its affiliates (collectively, “BEN”) in November 2019, at least \$13.4 million of which is traceable to proceeds that GWG loaned to BEN. At the same time, the PCA Parties, represented by sophisticated counsel, has vigorously disputed the Litigation Trustee’s claims—disputing standing, badges of fraud, and asserting that its \$400 million claim against GWG is valid and enforceable, among other things. Several of the PCA Parties’ defenses, if credited, would provide complete defenses to GWG’s claims, thus barring recovery outright.

3. Against this backdrop, litigation against the PCA Parties would be protracted, complex, and costly. The parties' disputes involve complex factual and legal issues spanning several transactions between the PCA Parties, BEN, and GWG between 2018 and 2019, GWG's and BEN's solvency at multiple points in time, and the role of one of Paul Capital's partners, who for a period of time served simultaneously on the boards of GWG and BEN. Prevailing in litigation would require extensive expert discovery on solvency and tracing, significant motion practice, and potentially years of litigation and appeals. Even if successful, the Litigation Trustee would still face risks in collecting on a judgment against the PCA Parties, which has been winding down its operations for several years.

4. The Proposed Settlement addresses these risks. It provides the Litigation Trust with a guaranteed recovery now, while simultaneously extinguishing the PCA Parties' proofs of claim—removing more than 99% of general unsecured claims (now New Series B WDT Interests) that would otherwise dilute distributions to GWG's former bondholders and unsecured creditors, thereby maximizing distributions to those constituents from the Litigation Trust's recent and future recoveries.

5. The Bankruptcy Code and Rule 9019 favor pragmatic compromises that serve the best interests of creditors. Here, the Proposed Settlement is precisely that: it is a reasonable resolution well within the range of outcomes that could be achieved through litigation, but with none of the cost or uncertainty. For these reasons, the Litigation Trustee respectfully submits that the Proposed Settlement should be approved.

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 (defined below), and Federal Rule of Bankruptcy Procedure 9019.

BACKGROUND

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 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.

8. On June 20, 2023, the Court entered its *Findings of Fact, Conclusions of Law, and Order Confirming Debtors’ Further Modified Second Amended Joint Chapter 11 Plan* [Dkt. 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* [Dkt. No. 1678] (the “Plan”).

9. The Plan and Confirmation Order established the GWG Wind Down Trust (“Wind Down Trust”) for the purpose of winding down Debtors’ affairs, liquidating the Wind Down Trust assets, and making distributions. The Plan and Confirmation Order also established the GWG Litigation Trust (the “Litigation Trust”) for the purpose of prosecuting or settling certain of Debtors’ causes of action, appointed Michael I. Goldberg as the Litigation Trustee, and transferred

all Retained Causes of Action, among other things, to the Litigation Trust.² The Plan and Litigation Trust Agreement granted the Litigation Trustee the power to investigate and pursue the Retained Causes of Action. Litigation Trust Agreement §§ 3.2(a), 3.8. The Plan and Litigation Trust Agreement also empower 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 § 3.2(a).

10. The Litigation Trust Agreement further provides, “the Bankruptcy Court shall have exclusive jurisdiction over the Litigation Trust and the Litigation Trustee, including, without limitation, the administration and activities of the Litigation Trust and the Litigation Trustee to the fullest extent permitted by law. . . .” Litigation Trust Agreement § 9.2.

A. The Litigation Trustee’s Claims Against The PCA Parties.

11. In 2017, the PCA Parties sold a portfolio of illiquid secondary investments (called “secondaries”) to BEN. At the time, BEN was seeking assets to support its efforts to obtain a trust charter. The PCA Parties’ secondaries were assigned a net asset value of approximately \$500 million.

12. BEN lacked sufficient cash to purchase the PCA Parties’ assets outright, so it structured a series of transactions through intermediaries, including MHT Financial, LLC, that transferred the secondaries into a series of “Exchange Trusts” in return for BEN limited partnership units. Because the PCA Parties wanted to be paid cash for its assets, and not in BEN units, BEN promised to run a “prelisting auction” of those units to generate cash to pay the PCA Parties.

² The confirmed Plan defines “Retained Causes of Action” to mean “all Avoidance Actions, all Causes of Action set forth on a schedule in the Plan Supplement . . . and any other Causes of Action belonging to the Debtors or their Estates that are not released pursuant to this Plan or other Final Order.” Plan Art. I(A)(163).

13. GWG Holdings, Inc. (“GWG”) was the sole bidder in BEN’s “auction,” agreeing to buy the Exchange Trust’s BEN units with a mix of cash, GWG L Bonds, and GWG common stock. This arrangement was memorialized in a “Master Exchange Agreement.” The Trustee views the Master Exchange Agreement as the first step in the GWG-BEN relationship that eventually culminated in GWG’s bankruptcy.

14. The PCA Parties were initially promised \$150 million in cash and \$250 million in GWG L Bonds at the first closing under the Master Exchange Agreement in August 2018. The PCA Parties received only \$100 million in cash, however. BEN fell behind almost immediately on its obligation to deliver the remaining \$50 million in cash. By late 2018, BEN claimed to be unable to meet its commitments to the PCA Parties. BEN and the PCA Parties ultimately agreed to an amended agreement that expressly identified certain sources of future payment(s) of the cash owed to the PCA Parties, which included certain cash advanced by GWG.

15. In April 2019, BEN assumed control of GWG’s board of directors, installing its own designees, including GWG’s new chairman, Brad Heppner, and CEO, Murray Holland.

16. Soon after BEN’s takeover of GWG, GWG’s new board authorized a \$65 million loan to BEN affiliates, with \$50 million advanced in June 2019 and another \$15 million in November 2019. Although BEN representatives and others (but not the PCA Parties) represented to GWG’s special committee that the PCA Parties would not receive proceeds of the loan, BEN in fact used at least some of these funds to pay its outstanding cash obligation to certain of the PCA Parties in November 2019 (the “November 2019 Payment”). The Litigation Trustee traced at least \$13.4 million of the November 2019 Payment to the funds GWG loaned to BEN.

17. Based on the Litigation Trustee’s investigation, the Litigation Trustee determined that the Litigation Trust held potential claims against the PCA Parties arising out of the November

2019 Payment, including avoidance claims under the Texas Uniform Fraudulent Transfer Act (“TUFTA”) and 11 U.S.C. §§ 544 and 550. In January 2025, the Litigation Trustee sent a demand outlining the potential claims and bases for disallowing the PCA Parties’ proofs of claim, as well as responses to anticipated counter arguments. The PCA Parties responded to the Litigation Trustee’s demand letter in February 2025, vigorously disputing the Litigation Trustee’s claims and asserting that the PCA Parties’ counterclaim (the basis for which was partially described in the PCA Parties’ proofs of claim submitted in the Debtors’ bankruptcy cases³) would more than offset any claims brought by the Litigation Trustee.

18. Over the following months, the Settling Parties extended their tolling agreement (originally executed in April 2024) to allow the Litigation Trustee’s and the PCA Parties’ counsel to exchange their respective views of the Litigation Trust’s claims, possible defenses, and likely damages in a series of phone calls and emails, as well as engage in settlement discussions. On September 16, 2025, the Settling Parties reached an agreement in principle to settle the Litigation Trust’s claims for a \$1.9 million payment to the Litigation Trust plus the withdrawal of the PCA Parties’ proofs of claim. The parties then negotiated the non-economic terms and form of the settlement before executing the Proposed Settlement on October 1, 2025.

B. The Proposed Settlement.

19. The Proposed Settlement includes the following key terms, provided below in pertinent part:⁴

Settlement Payment: The PCA Parties (and/or their insurers) will pay \$1,900,000 to the Litigation Trust within 10 business days after the Effective Date.

³ See Case No. 22-90032, Proof of Claim No. 3506 filed July 27, 2022; Case No. 22-90033, Proof of Claim No. 3507 filed July 27, 2022; Case No. 22-90034, Proof of Claim No. 3508 filed July 27, 2022.

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 here. See Ex. A.

Proofs of Claim: The PCA Parties' Proofs of Claim (Nos. 3506, 3507, and 3508) will be deemed to have been withdrawn with prejudice on the Effective Date. The PCA Parties shall also agree to the cancellation of and/or be deemed to have relinquished any New Series B WDT Interests it received under the Plan on account of its Proofs of Claim.

Mutual Releases: The Settling Parties will mutually release any and all claims they have against one another, with the exception of any claims the Litigation Trust may have against David de Weese in his capacity as a GWG director (which are the subject of the releases contained in the D&O Settlement already approved by the Bankruptcy Court and awaiting approval by the District Court).⁵

Bankruptcy Court Approval: The Proposed Settlement is conditioned on approval by the Bankruptcy Court.

RELIEF REQUESTED

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

BASIS FOR RELIEF REQUESTED

21. 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.

⁵ See ECF No. 2700, Ex. A at § 1(xx) (defining “Released Trust Action Defendants Releasees” to include “any and all other Insureds”), § 1(x) (defining “Insured” to include “all former directors and officers of GWG”), and § 18 (releasing claims against the “Released Trust Action Defendants Releasees”). Although the Bankruptcy Court approved the settlement with GWG’s former directors and officers, the settlement is still subject to approval by the District Court overseeing the securities class action styled *In re GWG Holdings, Inc. Securities Litig.*, Case No. 3:22-cv-00410-B (“Class Action”). The District Court preliminarily approved the settlement in the Class Action case on September 25, 2025, and a final approval hearing is scheduled for January 13, 2026. See Case No. 3:22-cv-00410-B, ECF No. 157.

22. Here, 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, but must seek the Bankruptcy Court’s approval for “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.” Plan Art. IV(Q). Because the Proposed Settlement resolves a dispute that potentially represents more than \$5 million of economic value to the estate and its creditors, the Proposed Settlement requires approval of the Bankruptcy Court after notice and an opportunity for a hearing. Ex. A ¶ 1 (“This Agreement is contingent upon ... approval of this settlement and entry of an order by the Bankruptcy Court”).

23. Under 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 Official Comm. of Unsecured Creditors v. Moeller (In re Age Ref., Inc.)*, 801 F.3d 530, 540 (5th Cir. 2015). 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); *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602–03 (5th Cir. 1980).

24. 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.*

25. Courts consider the following factors when evaluating whether the compromise is fair and equitable: (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 F. App'x 322, 325 (5th Cir. 2018) (internal citations omitted); *Jackson Brewing*, 624 F.2d at 602 (same). 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: (i) whether the compromise serves “the best interests of the creditors, with proper deference to their reasonable views”; and (ii) “the extent to which the settlement is truly the product of arms-length bargaining, and not of fraud or collusion.” *In re Age Ref., Inc.*, 801 F.3d at 540. Each of these factors weigh in favor of approving the Proposed Settlement.

A. Litigating the Debtors’ Claims Involves Substantial Risk and Uncertainty.

26. The first factor courts in the Fifth Circuit consider—the probability of success—weighs in support of finding the Proposed Settlement is fair and equitable. The Litigation Trustee and his counsel have spent months investigating, researching, and evaluating potential claims against the PCA Parties and the likely recovery (if any) from them. Through that investigation, the Litigation Trustee identified potential claims under state and bankruptcy law against the PCA Parties arising out of the November 2019 Payment.

27. Specifically, based on his investigation, the Litigation Trustee believes that the Litigation Trust could assert colorable claims that: (a) the November 2019 Payment was an avoidable fraudulent transfer under the Texas Uniform Fraudulent Transfer Act (“TUFTA”), which GWG could pursue as a creditor of BEN; (b) certain of the PCA Parties are liable as a subsequent transferee under Bankruptcy Code § 550 for the \$13.4 million that is traceable to the

\$65 million loan GWG made to BEN, which the Litigation Trustee has alleged is avoidable under 11 U.S.C. §544 and TUFTA; (c) the PCA Parties' alleged insider relationship with GWG and BEN provided knowledge of both companies' financial distress and undermined any good faith defense; and (d) the PCA Parties' proofs of claim, totaling approximately \$400 million, would be subject to disallowance under 11 U.S.C. § 502(d) unless the PCA Parties returned the value of the transfers it received.

28. The PCA Parties, however, vigorously dispute the Litigation Trustee's allegations. Through their counsel, they have maintained, among other things, that: (a) GWG lacks standing to sue the PCA Parties as a BEN creditor under TUFTA because BEN's debts to GWG were extinguished in the November 2021 decoupling transaction between GWG and BEN, *see Matter of DeBerry*, 945 F.3d 943, 949 (5th Cir. 2019); (b) the PCA Parties received the November 2019 Payment in good faith and for value, as repayment of a valid contractual obligation of BEN; (c) the Litigation Trustee would face factual and legal hurdles in establishing so-called badges of fraud to support its claims, including that the PCA Parties had sufficient control over BEN to be considered an "insider"; (d) notwithstanding statements made to the GWG's special committee, other GWG officers and directors knew and approved the use of GWG funds to make the November 2019 Payment; (e) any avoidance claims the Litigation Trustee brought would be barred because of GWG's unclean hands due to the actions of its officers and directors; and (f) the PCA Parties had no reason to suspect that the November 2019 Payment was made for a fraudulent purpose or that GWG was likely to become insolvent as a result.

29. Although there are counterarguments to the PCA Parties' defenses, the Litigation Trustee and his counsel carefully evaluated the probability of success based on the parties' conflicting factual and legal arguments. The Litigation Trustee believes the claims against the PCA

Parties are colorable, but nonetheless not a slam dunk. Many of the PCA Parties' defenses, if successful, would completely bar liability, resulting in the Litigation Trust recovering nothing. Moreover, even if the Litigation Trustee prevailed, there is a significant risk that any recoverable damages would be reduced due to prior settlements between the Litigation Trustee and other parties and the proportionate responsibility of other culpable parties. And even then, it is unclear what, if anything, the Litigation Trustee could collect from the PCA Parties, which has been winding down its operations for years.

30. Balancing the uncertain likelihood of success and any potential recovery, the Litigation Trustee believes the Proposed Settlement is in the best interests of the Litigation Trust and its ultimate beneficiaries. The Proposed Settlement not only results in a \$1.9 million recovery for the Litigation Trust, but it also eliminates approximately 99% of general unsecured claims that would otherwise dilute distributions to former GWG bondholders.

31. Article VI(C) of the Plan provides that net proceeds realized by the Litigation Trust are first to be used to pay "Indenture Fee and Expense Claims" and then to former GWG bondholders (now New Series A1 WDT Interest holders) "on account of the Indenture Diminution Claim." Plan Art. VI(C). Although the Plan did not specify the amount of the Indenture Diminution Claim, the Wind Down Trustee has estimated that the Indenture Diminution Claim could range from \$0 to \$57.65 million.⁶ Once the Indenture Diminution Claims are satisfied, the Plan provides that any additional distributions from the Litigation Trust would be paid *pro rata* to former GWG bondholders as well as New Series B WDT Interests, which represent general unsecured creditor claims. Plan Art. VI(C).

⁶ ECF No. 2582-2.

32. In connection with prior settlements, the Wind Down Trustee estimated that New Series B WDT Interests (*i.e.*, general unsecured creditor claims) totaled approximately \$404 million, with the PCA Parties holding approximately \$400 million of those interests.⁷ Assuming that all of the Litigation Trustee’s settlements are approved,⁸ the Litigation Trustee estimates that a total of \$63.39 million will be available for distribution—more than the Wind Down Trustee’s high-end estimate for the Indenture Diminution Claim. Thus, whether the Indenture Diminution Claim is \$0 or \$57.65 million, the PCA Parties’ \$400 million in New Series B WDT Interests will dilute the amount distributable to GWG’s former bondholders now and in connection with any future recoveries absent the Proposed Settlement.

33. In sum, the first factor weighs heavily in favor of approving the Proposed Settlement: the Proposed Settlement resolves uncertain claims while increasing the pool of funds available for distribution and ensuring that former GWG bondholders receive more of those funds from any recoveries secured by the Litigation Trust.

B. Litigating the Fraudulent Transfer Claims and Defending the PCA Parties’ Counter Claims Could Take Years and Cost the Litigation Trust Millions of Dollars.

34. The second factor courts in the Fifth Circuit consider in evaluating whether a compromise is fair and equitable, the “complexity and likely duration of the litigation and any attendant expense, inconvenience and delay,” also weighs in favor of approving the Proposed Settlement. *Beach*, 731 F. App’x at 325. Litigating claims against the PCA Parties and defending any counterclaims likely would be a lengthy process and could require the Litigation Trust to

⁷ *Id.*

⁸ As noted above, the settlement with GWG’s former directors and officers remains subject to final approval by the District Court overseeing the Class Action. *See supra* at n.5.

expend millions of dollars in fees and costs, with no guarantee that it would ever recoup that money through an award against the PCA Parties.

35. First, litigating the claims against the PCA Parties to final judgment and through any appeals could take three years or more to reach a conclusion. In 2023, the median time from filing to beginning trial was 25.5 months in the Southern District of Texas.⁹ Any appeals to the Fifth Circuit could add another year to the process, where 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 Even so, the claims against the PCA Parties and their counterclaim, which arise out of the initial exchange transaction between GWG and BEN, are more complicated than the average commercial dispute and would likely take longer to resolve.

36. Second, the Litigation Trust would need to bear significant expenses to litigate its claims and defend any counterclaims. The Litigation Trustee would need to retain experts to conduct a trial-ready tracing analysis and opine on multiple solvency and valuation issues, in addition to other potential topics relevant to the threatened counterclaim. Fees for those experts to prepare reports, sit for depositions, respond to reports by the PCA Parties' experts, and testify at trial would cost hundreds of thousands of dollars, if not significantly more. Although some of that expert work may overlap with other ongoing cases (if those cases make it to expert discovery), the Litigation Trustee expects that litigation against the PCA Parties would certainly increase those costs, particularly in responding to the PCA Parties' experts and its counterclaims.

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.

37. Although pre- and post-judgment interest could partially compensate for the delay, the Litigation Trustee believes that recovering \$1.9 million now is preferable to recovering a potentially larger but uncertain amount at some point in the future, particularly when that potential future award would require the Litigation Trust to bear significant costs. Moreover, a certain and more immediate resolution of the PCA Parties' \$400 million proofs of claim is of particular benefit to the Litigation Trust's ultimate beneficiaries because it reduces the New Series B WDT Interests by 99% and ensures GWG's former bondholders will receive more from current and future recoveries.

C. The Proposed Settlement Is in the Best Interests of the Litigation Trust and Is the Product of a Good Faith, Arm's Length Negotiation.

38. The "other factors bearing on the wisdom of the compromise," including "the best interests of the creditors" and whether the "settlement is truly the product of arms-length bargaining," also support approving the Proposed Settlement. *Beach*, 731 F. App'x at 325.

39. 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 that the marginal chance of recovering an amount greater than the Proposed Settlement was not worth the risk, time, and expense required. The Proposed Settlement, along with the other settlements for which the Litigation Trustee also is seeking approval, will allow the Litigation Trust to distribute approximately an additional \$5.1 million to the Wind Down Trust after accounting for attorneys' fees and other expenses. *See* Ex. B at 1. If all settlements currently being pursued by the Litigation Trustee are approved (in addition to those already approved by the Court), the Litigation Trustee estimates that total distributions to the Wind Down Trust will be approximately \$63.39 million (Exhibit C at 1) and total distributions to former GWG L Bond holders will range between 3.532% and 3.642% (Exhibit C at 2-3). Moreover, as discussed above,

the Proposed Settlement increases the amounts former GWG bondholders will receive by resolving the PCA Parties' proofs of claim. Accordingly, entering into the Proposed Settlement is in the best interests of the Litigation Trust, its sole beneficiary (the Wind Down Trust), and the Wind Down Trust's ultimate stakeholders.

40. In addition, the Proposed Settlement is an extensively negotiated resolution. As detailed above, the settlement was reached following months of negotiation between counsel for the Settling Parties. The Litigation Trustee engaged in these discussions in good faith, and all the negotiations were at arm's length. Further, to the best of the Litigation Trustee's knowledge, the PCA Parties participated in the settlement negotiations and acted in good faith in reaching the Proposed Settlement.

41. Accordingly, the Litigation Trustee submits that the Proposed Settlement is a fair and equitable resolution and respectfully requests that the Court enter an order approving the Proposed Settlement.

NOTICE

Prior to filing 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. 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.

PRAYER

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 D**; and (iii) granting all other relief that is appropriate under the circumstances.

Dated: October 3, 2025

REID COLLINS & TSAI LLP

By: /s/ Nathaniel Palmer
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
1301 S. Capital of Texas Hwy
Building C, Suite 300
Austin, Texas 78746
(512) 647-6100
wreid@reidcollins.com
npalmer@reidcollins.com

Counsel for the GWG Litigation Trustee

CERTIFICATE OF SERVICE

I, Nathaniel J. Palmer, certify that on October 3, 2025, I caused a true and correct copy of this Motion for Entry of an Order Approving Settlement Agreement to be served by the Court's CM/ECF system on all parties entitled to notice.

/s/ Nathaniel Palmer
Nathaniel Palmer

EXHIBIT A

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 and (b) Paul Capital Advisors, L.L.C., Paul Capital Partners VIII-A, L.P., Paul Capital Partners VIII-B, L.P., Paul Capital Partners VIII-C, L.P., Paul Capital Partners VIII Holdings, Paul Capital Partners IX, L.P., and Paul Capital Town Street Partners, L.P. (collectively, the “**PCA Parties**” and together with the Trustee, the “**Parties**”) as of October 1, 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, the PCA Parties filed Proofs of Claim Nos. 3506, 3507, and 3508 against GWG Holdings, Inc., GWG Life, LLC, and GWG Life USA, LLC, respectively, asserting claims against the Debtors for \$400,000,000.00 plus other unknown or unliquidated damages (the “**PCA Proofs of Claim**”);

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;

WHEREAS, the Trustee has asserted, including in a letter from counsel dated January 16, 2025 (the “**Demand Letter**”), that the GWG Litigation Trust may have various claims against one or more of the PCA Parties, including potential fraudulent transfer claims arising out of payments The Beneficient Company Group, L.P. and/or its affiliates (collectively, “**BEN**”) made to certain PCA Parties using funds received from the Debtors;

WHEREAS, the PCA Parties deny the Trustee’s allegations and claims, including for the reasons set forth in a letter from their counsel dated February 14, 2025 (the “**Response Letter**”);

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 litigation, the Parties have agreed, without any party making any admission to any other party, to settle 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 PCA Parties agree to reasonably cooperate with the Trustee in seeking approval of the Agreement. The Trustee shall present a draft of the Rule 9019 Motion to counsel for the PCA Parties for comments before filing; provided, however, that the PCA Parties shall not be deemed to have admitted or consented or acquiesced to any statements or assertions of fact or law contained in the Rule 9019 Motion. 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 PCA Parties and the PCA Parties’ claims against the Debtors.

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. For purposes of this Agreement, the Approval Order will become a “**Final Order**” when: (a) fourteen (14) days (as computed in accordance with Fed. R. Bankr. P. 9006) shall have passed from the date of the entry of the Approval Order, and (b) either (i) the time to file a timely appeal under Fed. R. Bankr. P. 8002 from the Approval Order passes and no such timely appeal is filed, or (ii) if a timely appeal is filed, then all timely filed appeals have been dismissed with prejudice or the Approval Order is affirmed on appeal and is not subject to further timely appellate review. 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 the Approval Order shall not preclude such order from being a Final Order.

3. Payment Terms. The PCA Parties and/or their insurance carrier(s) will pay the Trustee the total sum of one million nine hundred thousand dollars (US \$1,900,000.00) (the “**Settlement Payment**”) as provided herein. The Settlement Payment shall be paid by check or wire transfer not later than ten (10) business days after the Effective Date.

Payment by the PCA Parties and/or their insurance carriers 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. [REDACTED]
Credit Account No. [REDACTED]
F/B/O: Reid Collins & Tsai LLP IOLTA

4. Attorneys’ Fees and Expenses. The Parties acknowledge and agree that they are solely responsible for paying any attorneys’ fees and costs they incurred in settling all disputes and claims between the Parties and that neither Party nor the Party’s attorney(s) will seek any award of attorneys’ fees or costs from the other Party, except as provided herein.

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 it 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 PCA Parties and all of their directors, officers, employees, managers, partners, shareholders, members, affiliates, successors, assigns, insurers, agents, and attorneys (the “**Released PCA Parties**”) from any and all claims, causes of action, proceedings, obligations, suits, debts, demands, agreements, promises, controversies, liabilities, and damages of any kind whatsoever, including those set forth in the Demand Letter, 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**”); provided, however, that the Released Trustee Claims shall not include any claims or causes of action the Releasing Trustee Parties may have against David de Weese in his capacity as a former director of GWG Holdings, Inc., which are the subject of a separate settlement agreement in *Goldberg v. Heppner*, Adv. Pro. No. 24-03090 (Bankr. S.D. Tex.).

(b) The PCA Parties, for and on behalf of themselves, and to the fullest extent that they have authority to do so, on behalf of their heirs and assigns, attorneys, consultants, representatives, accountants and auditors, insurers, and agents (“**Releasing PCA 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, including those set forth in the Response Letter, 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 PCA Parties ever had, now have, claim to have, or may in the future have or claim to have, including without limitation, the PCA Proofs of Claim (collectively, the “**Released PCA Claims**”).

(c) For the avoidance of doubt, the mutual releases in paragraphs 5(a) and 5(b) explicitly include any and all unknown claims that the Parties have or may in the future have (except for any claims or causes of action the Releasing Trustee Parties may have against David de Weese in his capacity as a former director of GWG Holdings, Inc., which are the subject of a separate settlement agreement in *Goldberg v. Heppner*, Adv. Pro. No. 24-03090 (Bankr. S.D. Tex.)). The Parties thus expressly waive and relinquish all rights and benefits under California Civil Code Section 1542, which states that “[a] general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party,” and any law of any jurisdiction of similar effect with respect to any claims.

6. Withdrawal of PCA Proofs of Claim/Relinquishment of Series B WDT Interests. Upon the Effective Date, the PCA Parties shall be deemed to have withdrawn the PCA Proofs of Claim with prejudice. PCA shall also agree to the cancellation of and/or be deemed to have relinquished any New Series B WDT Interests it received under the Plan on account of its Proofs of Claim.

7. 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 the PCA Parties and is not to be construed as an admission that the PCA Parties engaged in any negligent, wrongful, tortious, or unlawful activity. The PCA Parties specifically disclaim and deny (a) any liability to the Trustee and (b) engaging in any negligent, wrongful, tortious, or unlawful activity.

8. 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 the PCA Parties are “settling persons” under Subchapter B of Chapter 33 of the Texas Civil Practice and Remedies Code.

9. Enforcement. Nothing contained herein will be interpreted as preventing any Party from filing suit to enforce any portion of this Agreement. The Parties consent to the exclusive jurisdiction of the Bankruptcy Court with respect to any disputes between the Parties regarding or arising from this Agreement or the Approval Order. The Parties hereby waive any challenge to the jurisdiction or venue of the Bankruptcy Court with respect to such disputes. The Parties consent to entry of final orders or judgment by the Bankruptcy Court.

10. 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.

11. 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.

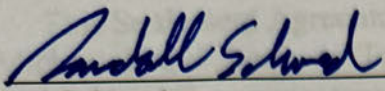
12. Reliance on Own Counsel. In entering into this Agreement, the Parties acknowledge that they have relied upon the legal advice of their respective attorneys, who are the attorneys of their own choosing, that such terms are fully understood and voluntarily accepted by them, and that, other than the 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.

13. 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.

14. 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 page follows)

AGREED TO:

By: 
Randall Schwed
PAUL CAPITAL ADVISORS, L.L.C. ET AL.
2269 Chestnut Street, #621
San Francisco, California 94123
rschwed@paulcap.com

Paul Capital Advisors, L.L.C., Paul Capital Partners VIII-A, L.P., Paul Capital Partners VIII-B, L.P., Paul Capital Partners VIII-C, L.P., Paul Capital Partners VIII Holdings, Paul Capital Partners IX, L.P., Paul Capital Town Street Partners, L.P.


By: _____
Michael I. Goldberg
201 East Las Olas Boulevard, Suite 1800
Fort Lauderdale, Florida 33301
michael.goldberg@akerman.com

Trustee, GWG Litigation Trust

AGREED TO:

By: _____
Randall Schwed
PAUL CAPITAL ADVISORS, L.L.C. ET AL.
2269 Chestnut Street, #621
San Francisco, California 94123
rschwed@paulcap.com

Paul Capital Advisors, L.L.C., Paul Capital Partners VIII-A, L.P., Paul Capital Partners VIII-B, L.P., Paul Capital Partners VIII-C, L.P., Paul Capital Partners VIII Holdings, Paul Capital Partners IX, L.P., Paul Capital Town Street Partners, L.P.

By:  _____
Michael I. Goldberg
201 East Las Olas Boulevard, Suite 1800
Fort Lauderdale, Florida 33301
michael.goldberg@akerman.com

Trustee, GWG Litigation Trust

EXHIBIT B

Exhibit B

Settlement Amount	Trustee Counsel Contingency Fee	Gross Distributable Amount (Estimated)
<i>Richards Layton</i>		
\$ 5,000,000.00	\$ 1,250,000.00	\$ 3,750,000.00
<i>Jackson Walker</i>		
\$ 405,000.00	\$ 101,250.00	\$ 303,750.00
<i>PCA Parties</i>		
\$ 1,900,000.00	\$ 475,000.00	\$ 1,425,000.00
	Subtotal	\$ 5,478,750.00
	Less: Litigation Trust Expense Reserve	\$ -
	Notice Costs (Estimated)	\$ (220,000.00)
	Litigation Trustee Success Fee (Est) ¹	\$ (104,303.92)
	Net Distribution to Wind Down Trust (Estimated)	\$ 5,154,446.08

¹ The GWG Litigation Trustee's compensation under the GWG Litigation Trust Agreement includes a success fee comprised of (a) 2% of the net amount available for distribution to the Wind Down Trust Beneficiaries *plus* (b) 2% of the amount of any fees and expenses paid to any experts and/or contingency counsel retained by the Litigation Trustee on behalf of the Litigation Trust ("Success Fee"), less 50% of all monthly compensation paid or payable to the Litigation Trustee. *See* Dkt No. 1910 at Schedule A. The amount included above is the Litigation Trustee's best current estimate of that amount and may be subject to change.

NET SETTLEMENT PROCEEDS		\$	5,154,446.08
WDT Interest Series Created by the Plan		Basis of Claim	Amount (WDT Interest)
A1 Indenture Trustee	Indenture Trustee Fees and Costs	\$	-
	Diminution Claim*	\$	1,757,260.58
	Total Super Priority Claims	\$	1,757,260.58
Available Settlement Proceeds for A1, A2 and B WDT Interest Holders		\$	3,397,185.50
WDT Interests sharing pro rata in Settlement Proceeds after A1 Indenture Trustee and Diminution Claim are paid			
Series A1	L Bond Claims	\$	1,672,852,358.00
Series A2	LBM Subordinated Claims	\$	56,627,477.87
Series B	General Unsecured Claims#	\$	4,000,000.00
	Total Interests	\$	1,733,479,835.87
Note: Administrative (other than Series A1 Indenture Trustee Claims), Secured, Priority, and Convenience Class Claims are paid in full		*Balance of Diminution Claim under High Case Scenario (<i>i.e.</i> , \$57.65 million) once other settlement proceeds are applied #Assumes the settlement with the PCA Parties is approved, which reduces General Unsecured Claims from \$404,000,000 to \$4,000,000	

Two Basis of Distribution Under the Plan to former L Bond Holders		
Estimated Distribution from Diminution Claim Art. VI.C.ii.		
Prepetition L Bond Investment	Percentage of Total WDT Interests	Estimated Distribution
\$ 5,000.00	0.0003%	\$ 5.25
\$ 10,000.00	0.0006%	\$ 10.50
\$ 20,000.00	0.0012%	\$ 21.01
\$ 50,000.00	0.0030%	\$ 52.52
\$ 100,000.00	0.0060%	\$ 105.05

Distribution to Each Class from Lit Proceeds Alone		
		Distribution
A1 L Bond	96.50%	\$ 5,035,631.43
A2 Subordinated B GUCs	3.27% <u>0.23%</u> 100.00%	\$ 110,975.65 \$ 7,839.00

Estimated Total Distribution to L Bonds		
Prepetition L Bond Investment	Estimated Distribution	
\$ 5,000.00	\$ 15.05	
\$ 10,000.00	\$ 30.10	
\$ 25,000.00	\$ 60.20	
\$ 50,000.00	\$ 150.51	
\$ 100,000.00	\$ 301.02	

Percent Distribution on account of the L Bond Claims	0.301%
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NET SETTLEMENT PROCEEDS			\$	5,154,446.08
FORMER L BOND HOLDER DISTRIBUTION ESTIMATE (RLF+RV+PCA LOW CASE)				
Two Basis of Distribution Under the Plan to former L Bond Holders				
Estimated Distribution from Diminution Claim Art. VI.C.ii.				
Prepetition L Bond Percentage of Total WDT Estimated				
Investment Interests Distribution				
\$ 5,000.00 0.0003% \$ -				
\$ 10,000.00 0.0006% \$ -				
\$ 20,000.00 0.0012% \$ -				
\$ 50,000.00 0.0030% \$ -				
\$ 100,000.00 0.0060% \$ -				
Estimated Distribution to L Bond Holders Art. VI.C.iii				
Prepetition L Bond Percentage of Total WDT Estimated				
Investment Interests Distribution				
\$ 5,000.00 0.0003% \$ 14.87				
\$ 10,000.00 0.0006% \$ 29.73				
\$ 20,000.00 0.0012% \$ 59.47				
\$ 50,000.00 0.0029% \$ 148.67				
\$ 100,000.00 0.0058% \$ 297.35				

WDT Interest Series Created by the Plan			<u>Basis of Claim</u>	<u>Amount (WDT Interest)</u>
A1 Indenture Trustee			Indenture Trustee Fees and Costs	\$ -
			Diminution Claim*	\$ -
			Total Super Priority Claims	\$ -
			Available Settlement Proceeds for A1, A2 and B WDT Interest Holders	\$ 5,154,446.08

WDT Interests sharing pro rata in Settlement Proceeds after A1 Indenture Trustee and Diminution Claim are paid				
Series A1	L Bond Claims	\$	1,672,852,358.00	
Series A2	LBM Subordinated Claims	\$	56,627,477.87	
Series B	General Unsecured Claims#	\$	4,000,000.00	
	Total Interests	\$	1,733,479,835.87	

Note: Administrative (other than Series A1 Indenture Trustee Claims), Secured, Priority, and Convenience Class Claims are paid in full

*Balance of Diminution Claim under Low Case Scenario (i.e. , \$5 million) once other settlement proceeds are applied
#Assumes the settlement with the PCA Parties is approved, which reduces General Unsecured Claims from \$404,000,000 to \$4,000,000

Distribution to Each Class from Lit Proceeds Alone			
Distribution			
A1 L Bond	96.50%	\$	4,974,172.24
A2 Subordinated	3.27%	\$	168,379.97
B GUCs	0.23%	\$	11,893.87
	100.00%		

Estimated Total Distribution to L Bonds			
Prepetition L Bond Investment Estimated Distribution			
\$ 5,000.00	\$	14.87	
\$ 10,000.00	\$	29.73	
\$ 25,000.00	\$	59.47	
\$ 50,000.00	\$	148.67	
\$ 100,000.00	\$	297.35	

Percent Distribution on account of the L Bond Claims		0.297%
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EXHIBIT C

Exhibit C

Settlement Amount	Trustee Counsel Contingency Fee	Class Counsel Fee (Maximum)¹	Class Counsel Expense (Maximum)³	Gross Distributable Amount (Estimated)
<i>D&O Defendants</i>				
\$ 50,500,000.00	\$ 8,928,400.00	\$ 8,484,000.00	\$ 500,000.00	\$ 33,087,600.00
<i>Whitley Penn LLP</i>				
\$ 8,500,000.00	\$ 2,125,000.00	\$ -	\$ -	\$ 6,375,000.00
<i>Sabes Defendants</i>				
\$ 2,300,000.00	\$ 782,000.00	\$ -	\$ -	\$ 1,518,000.00
<i>Mayer Brown LLP</i>				
\$ 30,000,000.00	\$ 7,500,000.00	\$ -	\$ -	\$ 22,500,000.00
<i>Richards Layton</i>				
\$ 5,000,000.00	\$ 1,250,000.00	\$ -	\$ -	\$ 3,750,000.00
<i>Jackson Walker</i>				
\$ 405,000.00	\$ 101,250.00	\$ -	\$ -	\$ 303,750.00
<i>PCA Parties</i>				
\$ 1,900,000.00	\$ 475,000.00	\$ -	\$ -	\$ 1,425,000.00
Subtotal				\$ 67,534,350.00
Less: Litigation Trust Expense Reserve ²				\$ (2,500,000.00)
Notice Costs (Estimated)				\$ (703,142.00)
Litigation Trustee Success Fee (Est) ³				\$ (934,022.50)
Net Distribution to Wind Down Trust (Estimated)				\$ 63,397,185.50

¹ Class Counsel's fees and expenses are subject to approval by the U.S. District Court for the Northern District of Texas (the "District Court") overseeing the putative class action styled *In re GWG Holdings, Inc. Sec. Litig.*, No. 3:22-cv-00410 (the "Class Action"). Under the terms of the settlement agreement, Class Counsel will apply to the District Court for fees not to exceed \$8,484,000 plus reimbursement of expenses not to exceed \$500,000. [Dkt No. 2533-1 at ¶ 22].

² This amount represents a reserve by GWG Litigation Trustee to fund reasonably anticipated expenses associated with multiple pending arbitrations and adversary proceedings, in accordance with the terms of the GWG Litigation Trust Agreement. *See* Dkt No. 1910 at §3.4.

³ The GWG Litigation Trustee's compensation under the GWG Litigation Trust Agreement includes a success fee comprised of (a) 2% of the net amount available for distribution to the Wind Down Trust Beneficiaries *plus* (b) 2% of the amount of any fees and expenses paid to any experts and/or contingency counsel retained by the Litigation Trustee on behalf of the Litigation Trust ("Success Fee"), less 50% of all monthly compensation paid or payable to the Litigation Trustee. *See* Dkt No. 1910 at Schedule A. The amount included above is the Litigation Trustee's best current estimate of that amount and may be subject to change.

NET SETTLEMENT PROCEEDS		\$	63,397,185.50	Two Basis of Distribution Under the Plan to former L Bond Holders			Distribution to Each Class from Lit Proceeds Alone							
WDT Interest Series Created by the Plan		Basis of Claim		Amount (WDT Interest)		Estimated Distribution from Diminution Claim Art. VI.C.ii.			Distribution					
		Indenture Trustee Fees and Costs		\$	2,350,000.00									
		Diminution Claim*		\$	57,650,000.00									
		Total Super Priority Claims		\$	60,000,000.00									
A1 Indenture Trustee						Prepetition L Bond Investment			Percentage of Total WDT Interests			Estimated Distribution		
						\$ 5,000.00			0.0003%			\$ 172.31		
						\$ 10,000.00			0.0006%			\$ 344.62		
						\$ 20,000.00			0.0012%			\$ 689.24		
						\$ 50,000.00			0.0030%			\$ 1,723.10		

<u>NET SETTLEMENT PROCEEDS</u>		\$	63,397,185.50
WDT Interest Series Created by the Plan		<u>Basis of Claim</u>	<u>Amount (WDT Interest)</u>
A1 Indenture Trustee	Indenture Trustee Fees and Costs	\$	2,350,000.00
	Diminution Claim*	\$	5,000,000.00
	Total Super Priority Claims	\$	7,350,000.00
Available Settlement Proceeds for A1, A2 and B WDT Interest Holders		\$	56,047,185.50

WDT Interests sharing pro rata in Settlement Proceeds after A1 Indenture Trustee and Diminution Claim are paid

Series A1	L Bond Claims	\$	1,672,852,358.00
Series A2	LBM Subordinated Claims	\$	56,627,477.87
Series B	General Unsecured Claims#	\$	4,000,000.00
	Total Interests	\$	1,733,479,835.87

Note: Administrative (other than Series A1 Indenture Trustee Claims), Secured, Priority, and Conveneince Class Claims are paid in full

*Based on discussions, the WDT estimates the range of the Dimunition Claim to be \$5 million to \$57.65 million.
#Assumes the settlement with the PCA Parties is approved, which reduces General Unsecured Claims from \$404,000,000 to \$4,000,000

<u>Two Basis of Distribution Under the Plan to former L Bond Holders</u>			
Estimated Distribution from Diminution Claim Art. VI.C.ii.			
<u>Prepetition L Bond Investment</u>	<u>Percentage of Total WDT Interests</u>	<u>Estimated Distribution</u>	
\$ 5,000.00	0.0003%	\$ 14.94	
\$ 10,000.00	0.0006%	\$ 29.89	
\$ 20,000.00	0.0012%	\$ 59.78	
\$ 50,000.00	0.0030%	\$ 149.45	
\$ 100,000.00	0.0060%	\$ 298.89	

Estimated Distribution to L Bond Holders Art. VI.C.iii					
Prepetition L Bond Investment	Percentage of Total WDT Interests	Estimated Distribution			
\$ 5,000.00	0.0003%	\$	161.66		
\$ 10,000.00	0.0006%	\$	323.32		
\$ 20,000.00	0.0012%	\$	646.64		
\$ 50,000.00	0.0029%	\$	1,616.61		
\$ 100,000.00	0.0058%	\$	3,233.22		

Distribution to Each Class from Lit Proceeds Alone			
			Distribution
A1 L Bond	96.50%	\$	59,086,966.85
A2 Subordinated	3.27%	\$	1,830,889.92
B GUCs	0.23%	\$	129,328.73
			100.00%

Estimated Total Distribution to L Bonds			
Prepetition L Bond Investment	Estimated Distribution		
\$ 5,000.00	\$	176.61	
\$ 10,000.00	\$	353.21	
\$ 25,000.00	\$	706.42	
\$ 50,000.00	\$	1,766.05	
\$ 100,000.00	\$	3,532.11	

Percent Distribution on account of the L Bond Claims	3.532%
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**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)

**[Proposed] 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 October 1, 2025, between the GWG Litigation Trust and Paul Capital Advisors, L.L.C., Paul Capital Partners VIII-A, L.P., Paul Capital Partners VIII-B, L.P., Paul Capital Partners VIII-C, L.P., Paul Capital Partners VIII Holdings, Paul Capital Partners IX, L.P., and Paul Capital Town Street Partners, L.P. (collectively, the “PCA Parties”), 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

¹ The Debtors in 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 (6955); and GWG DLP Funding Holdings VI, LLC (6955). Information regarding these chapter 11 cases is available at www.gwgholdingstrust.com.

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

“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 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 includes releases with prejudice for actual or potential claims the GWG Litigation Trust, the Litigation Trustee, and/or the Debtors have against the PCA Parties, which are described more fully in the Proposed Settlement.

G. The Proposed Settlement includes releases with prejudice for actual or potential claims the PCA Parties have against the GWG Litigation Trust, the Litigation Trustee, and the Debtors, including Proofs of Claim Nos. 3506, 3507, and 3508, filed by the PCA Parties against the Debtors, which are described more fully in the Proposed Settlement.³

H. The Proposed Settlement and the transactions, compromises, and releases provided therein are reasonable and appropriate under the circumstances, and the GWG Litigation Trust has

³ The PCA Parties filed Proofs of Claim Nos. 3506, 3507, and 3508 against GWG Holdings, Inc., GWG Life, LLC, and GWG Life USA, LLC, respectively, asserting claims against the Debtors for \$400,000,000.00 plus other unknown or unliquidated damages.

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.

I. 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.

J. In the absence of the Proposed Settlement, the GWG Litigation Trust faces litigation expense, risk, and delay. Even if the GWG Litigation Trust was successful in litigating its alleged claims, any recovery would not accrue to the benefit of the GWG Litigation Trust for several years. The Proposed Settlement resolves the disputes now without the need for additional and uncertain litigation.

K. 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 PCA Parties, each of whom was represented by competent counsel, in good faith, without collusion, and as a result of arm's-length bargaining.

L. The Proposed Settlement was entered into by the GWG Litigation Trust and the PCA Parties, 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 GWG Litigation Trust, the PCA Parties, and their insurer(s) 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 PCA Parties' New Series B WDT Interests are hereby cancelled, and no further action is required by any party to effectuate such cancellation.
4. The terms and conditions of this Order shall be effective and enforceable upon its entry.
5. This Court retains jurisdiction with respect to all matters arising from or related to the Proposed Settlement or this Order.

Dated: _____, 2025
Houston, Texas

UNITED STATES BANKRUPTCY JUDGE