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

In re:	Chapter 11
GWG Holdings, Inc., *et al.*[1]	Case No. 22-90032 (EVR)
Debtors.	(Jointly Administered)

MOTION OF THE SUCCESSOR WIND DOWN TRUSTEE FOR ENTRY OF AN ORDER APPROVING THE RESOLUTION OF THE AMOUNT OF THE DIMINUTION CLAIM AS PER THE PLAN

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.

THERE WILL BE A HEARING ON THIS MOTION ON JUNE 9, 2026 AT 8:30 A.M. (CT) IN COURTROOM NO. 401, 515 RUSK, HOUSTON TEXAS, 77002.

Tom A. Howley, in his capacity as Successor Wind Down Trustee (the "Successor Wind Down Trustee") for the GWG Wind Down Trust (the "Wind Down Trust") files this Motion ("Motion") requesting entry of an order approving the resolution of the amount of the diminution claim (the "Diminution Claim") held by Bank of Utah, as Indenture Trustee (the "Indenture Trustee" and jointly with the Wind Down Trust, the "Parties") in accordance with the *Debtors'*

[1] The Debtors in these chapter 11 cases (these "Chapter 11 Cases"), were: GWG Holdings, Inc.; GWG Life, LLC; GWG Life USA, LLC; GWG DLP Funding IV, LLC; GWG DLP Funding VI, LLC; and GWG DLP Funding Holdings VI, LLC. Further information regarding the Wind Down Trust may be obtained at www.gwgholdingstrust.com.

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") as confirmed through entry of the confirmation order [Docket No. 1952] (the "Confirmation Order")[2] by the United States Bankruptcy Court for the Southern District of Texas (the "Court").

Preliminary Statement

1. The Diminution Claim is the amount to be paid on account of the loss of value of the collateral of the former bondholders under the Indenture (the "Bond Holders") as a result of the costs and incremental financing layered upon the bond collateral as part of the previous chapter 11 Cases. The proceeds of the Diminution Claim will be shared *only* by the Bond Holders who now hold the New Series A1 WDT Interests. Pursuant to the Plan, the Diminution Claim will be paid in full before any amount is distributed to the Holders of Allowed LBM Subordinated Claims who now hold New Series A2 WDT Interests or Holders of General Unsecured Claims who now hold the New Series B WDT Interests. **Exhibit A** reflects the impact of the proposed Diminution Claim on the distributions to the Bond Holders as well as the Holders of the New Series A2 WDT Interests and the New Series B WDT Interests. As demonstrated by **Exhibit A**, once the Successor Wind Down Trustee was able to get within a certain range of acceptable outcomes, the impact on the recoveries is negligible given the amount of claims held by the holders of the New Series A1 WDT Interests.

2. This is arguably the most important and impactful claim to resolve as part of the Wind Down Trust's efforts to get an initial distribution to the beneficiaries. If litigated, the resolution of the Diminution Claim would require the utilization of both expert and fact witnesses

[2] Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan or the Confirmation Order, as applicable.

in an effort to reconstruct the value of the Debtors' collection of various assets and then taking it forward to identify a value on August 1, 2023.

Jurisdiction

3. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Confirmation Order. 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 the Wind Down Trust Agreement (the "WDT Agreement").

Background

4. On April 20, 2022, GWG Holdings, Inc., GWG Life, LLC and GWG Life USA, LLC, and on October 31, 2022, GWG DLP Funding IV, LLC, GWG DLP Funding Holdings VI, LLC, and GWG DLP Funding VI, LLC (the "Debtors"), filed voluntary petitions pursuant to title 11 of the United States Code.

5. On June 20, 2023, the Bankruptcy Court entered the Confirmation Order confirming the Plan.

6. The Plan and Confirmation Order established the Wind Down Trust to wind down the business affairs of the Debtors and appointed Elizabeth C. Freeman as the original Wind Down Trustee. On January 14, 2026, Tom A. Howley was appointed the Successor Wind Down Trustee.

7. The Plan preserved the Diminution Claim and provided that the amount would be determined after the effective date of the Plan either by agreement of the Parties or by motion of the Indenture Trustee[3]. The Plan in Article I, paragraph 98 defines the Diminution Claim as:

> "Indenture Diminution Claims" means any Claims of the Indenture Trustee asserted on account of the decrease in value of the Indenture Trustee's interest in the collateral securing the obligations under the Indenture, arising from the

[3] *See* Confirmation Order, paragraph 57, [Docket No. 1952].

> "Adequate Protection Liens" granted to the Indenture Trustee pursuant to the Chapford Final DIP Order and the Final Vida Order. . .

Put simply, the Diminution Claim provides for a priority payment to the Bond Holders (now New Series A1 WDT Interest holders) on account of the decrease in the value of their collateral during these Chapter 11 Cases.

8. Article VI.C of the Plan provides that the Diminution Claim be satisfied by payment to the New Series A1 WDT Interests holders prior to distribution to any other holders of interests in the Wind Down Trust.

9. Immediately upon his appointment, the Successor Wind Down Trustee and the Wind Down Trust's advisors conducted an evaluation and entered into negotiations with counsel to the Indenture Trustee.

10. Following such negotiations, the Parties agreed to a Diminution Claim of $60,000,000.

Summary of the Relief Requested – Approval of the Proposed Diminution Claim

11. The Wind Down Trust requests approval of the proposed settlement of the Diminution Claim. If the Court approves the proposed settlement amount of the Diminution Claim, the Successor Wind Down Trustee estimates that the impact to distributions to the Wind Down Trust interest holders, including the Bond Holders, will be the amounts reflected on **Exhibit A** attached hereto. The Successor Wind Down Trustee believes the resolution of the amount of the Diminution Claim in the amount of $60,000,000 is in the best interest of the Wind Down Trust and its constituents. It avoids a scenario where the Wind Down Trust is determined to be insolvent, avoids protracted litigation and ensures that a distribution is finally made soon to the first tranche

of beneficiaries (which is mostly comprised of the individual retirees who lost some or all of their life savings).

Basis for Relief Requested

12. 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.

13. Paragraph 56 of the Confirmation Order provides:

> Indenture Diminution Claim. The resolution of the amount of any Indenture Diminution Claims shall be determined after the Effective Date either by (i) agreement between the Wind Down Trustee and the Indenture Trustee or (ii) a determination by the Court, provided however the Indenture Trustee shall be required to meet and confer with the Wind Down Trustee prior to seeking any relief from the Court.

Notwithstanding that Court approval is arguably not required under paragraph 56 of the Confirmation Order given the Successor Wind Down Trustee's settlement with the Indenture Trustee, the Parties seek such approval out of an abundance of caution and in an effort to be as transparent as possible.

14. The Plan Provides that

> The Wind Down Trustee, on behalf of the Wind Down Trust, will have discretion to enter into, consummate, settle, or otherwise resolve any transaction or dispute with respect to each of the Wind Down Trust Assets that have an economic value of less than $5 million (in the Wind Down Trustee's good faith determination) as of the date of the consummation, settlement, or

> resolution of such transaction or dispute. **The Wind Down Trustee will submit all other matters to the Bankruptcy Court for approval after notice and an opportunity for a hearing."** Plan Art. V(A)(3). (emphasis added)

15. 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 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).

16. As of the Petition Date; the Debtors assets consisted primarily of the portfolio of life insurance policies (the "Policy Portfolio"), shares of common stock of Beneficent (the "Ben Stock"); shares of FOXO Technologies, Inc. (the "FOXO Stock") and cash and receivables.

17. Valuation of assets is not an exact science, especially in the context of these chapter 11 cases where there have been allegations of misdeeds and accounting errors. The Successor Wind Down Trustee consulted with the Wind Down Trust advisors and considered a number of factors in reaching a conclusion as to the appropriate value of the Diminution Claim.

18. Among the items considered by the Successor Wind Down Trustee were: (i) the Debtors' schedules; (ii) the costs incurred in the chapter 11 Cases for professional fees which were layered upon the collateral; (iii) the size of the exit financing; (iv) the allegations of misdeeds and accounting errors by the original management team; and (v) the significant costs and attendant delay relating to full blown litigation with the Indenture Trustee and corresponding impact on the actual distributions to the beneficiaries of the Wind Down Trust.

19. The agreement regarding the Diminution Claim is the product of a negotiated arm's length resolution. If the Diminution Claim is not resolved, signification time and expense could be borne by the Wind Down Trust. The Wind Down Trust would be responsible for not only fees and expenses of its own counsel and experts, but also those of the Indenture Trustee.[4] This would result in decreasing the amount available to the Holders of interests in theWind Down Trust. A resolution also removes the potential prospect that the Wind Down Trust is insolvent.

20. Litigation would be both time-consuming and would require the estate to spend a significant amount of time and money in litigation for little or no potential return or meaningful benefit to the beneficiaries. All the while, the Wind Down Trust would continue to be hamstrung in its liquidity and ability to make distributions. The benefits of an agreed Diminution Claim far outweigh any such costs.

21. In light of the costs, uncertainties and the complexity of the claims raised, the Successor Wind Down Trustee believes that in agreeing to the proposed settlement amount of the Diminution Claim, the Successor Wind Down Trustee is acting prudently to minimize the expense that would be required to litigate the amount of a Diminution Claim. Accordingly, the Successor Wind Down Trustee requests that the Court approve the proposed settlement as to the Diminution Claim.

VI. Prayer

WHEREFORE, the Successor Wind Down Trustee requests that the Court enter the Order, substantially in the form filed with this Motion, (1) approving the Diminution Claim; and (ii) granting all other relief that is appropriate under the circumstances.

Dated: May 6, 2026.

[4] Plan; Article I, Para. 100; Article IV.H.1., Article IV.L.; and Article IV.T.

By: */s/ Tom A. Howley*
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Successor Wind Down Trustee

CERTIFICATE OF SERVICE

I hereby certify that on May 6, 2026, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas. In addition, notice was provided on April 29, 2026 via U.S. Mail to the comprehensive service list pursuant to a one page paper notice based on the notice procedures approved by the Court on April 22, 2026.

/s/ Tom A. Howley
Tom A. Howley

EXHIBIT A

GWG Wind Down Trust
Estimated Distribution Analysis

Description	Diminution Claim Settlement ($)	Percent Distribution on account of the L Bond Claims	A1 L Bond	A2 Subordinated	B GUCs	Total	Fees	
Including All Settlements	60,000,000	3.871%	$ 62,648,678.40	$ 92,669.95	$ 8,182.42	$ 62,749,530.77	$ 2,350,000.00	$ 65,099,530.77
Including All Settlements	55,000,000	3.859%	$ 62,465,279.16	$ 261,189.52	$ 23,062.08	$ 62,749,530.77	$ 2,350,000.00	$ 65,099,530.77
Including All Settlements	50,000,000	3.848%	$ 62,281,879.92	$ 429,709.09	$ 37,941.75	$ 62,749,530.77	$ 2,350,000.00	$ 65,099,530.77
Excluding RLF, BT, and PCA	60,000,000	3.509%	$ 56,797,521.50	$ -	$ -	$ 56,797,521.50	$ 2,350,000.00	$ 59,147,521.50
Excluding RLF, BT, and PCA	55,000,000	3.498%	$ 56,614,122.26	$ 56,473.68	$ 4,986.42	$ 56,675,582.37	$ 2,350,000.00	$ 59,025,582.37
Excluding RLF, BT, and PCA	50,000,000	3.487%	$ 56,430,723.02	$ 224,993.26	$ 19,866.08	$ 56,675,582.37	$ 2,350,000.00	$ 59,025,582.37

Exhibit A **FORMER L BOND HOLDER DISTRIBUTION ESTIMATE (HIGH CASE)**

NET SETTLEMENT PROCEEDS **$ 65,099,530.77**

Two Basis of Distribution Under the Plan to former L Bond Holders

WDT Interest Series Created by the Plan	Basis of Claim	Amount (WDT Interest)
A1 Indenture Trustee	Indenture Trustee Fees and Costs	$ 2,350,000.00
	Diminution Claim	$ 60,000,000.00
	Total Super Priority Claims	**$ 62,350,000.00**
	Available Settlement Proceeds for A1, A2 and B WDT Interest Holders	**$ 2,749,530.77**

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%	$ 185.35
$ 10,000.00	0.0006%	$ 370.71
$ 20,000.00	0.0012%	$ 741.42
$ 50,000.00	0.0031%	$ 1,853.55
$ 100,000.00	0.0062%	$ 3,707.10

Distribution to Each Class

		Distribution
A1 L Bond	96.33%	$ 2,648,678.40
A2 Subordinated	3.37%	$ 92,669.95
B GUCs	0.30%	$ 8,182.42
	100.00%	

Distribution to Each Class

		Distribution
A1 L Bond	96.33%	$ 62,648,678.40
A2 Subordinated	3.37%	$ 92,669.95
B GUCs	0.30%	$ 8,182.42
	100.00%	
		$ 62,749,530.77
		$ 2,350,000
Estimated Total Distribution to L Bonds		$ 65,099,531

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

Series A1	L Bond Claims	$ 1,618,517,956.00
Series A2	LBM Subordinated Claims	$ 56,627,477.87
Series B	General Unsecured Claims#	$ 5,000,000.00
	Total Interests	**$ 1,680,145,433.87**

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%	$ 8.18
$ 10,000.00	0.0006%	$ 16.36
$ 20,000.00	0.0012%	$ 32.73
$ 50,000.00	0.0030%	$ 81.82
$ 100,000.00	0.0060%	$ 163.65

Prepetition L Bond Investment	Estimated Distribution
$ 5,000.00	$ 193.54
$ 10,000.00	$ 387.07
$ 25,000.00	$ 774.15
$ 50,000.00	$ 1,935.37
$ 100,000.00	$ 3,870.74

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

#Assumes the settlement with the PCA Parties is approved, which reduces General Unsecured Claims from $404,000,000 to $5,000,000

Percent Distribution on account of the L Bond Claims **3.871%**

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

In re:	Chapter 11
GWG Holdings, Inc., *et al.*[1]	Case No. 22-90032 (EVR)
Debtors.	(Jointly Administered)

ORDER APPROVING RESOLUTION OF DIMINUTION CLAIM

(Relates to Docket No. __)

Upon the motion (the "Motion")[2] of the Successor Wind Down Trustee for entry of this Order, (a) approving the amount of the Diminution Claim, and (b) granting related relief, all as more fully set forth in the Motion; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. § 1409; and this Court having found that the Parties negotiated the terms and conditions of the proposed settlement amount of the Diminution Claim in good faith, at arm's length, and free of any collusion; and this Court having found agreeing to the proposed amount of the Diminution Claim is a valid and sound exercise of the business judgment of the Successor Wind Down Trustee and should be approved; and this Court having found that the Successor Wind Down Trustee's notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having found that there is good cause for waiving the stay referred to Bankruptcy Rule 6004, to the extent it is applicable; and this Court having reviewed the Motion

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[2] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED AND DETERMINED THAT.

1. The Motion is GRANTED as set forth herein.

2. It is well within the business judgment of the Successor Wind Down Trustee to settle the Diminution Claim in the amount proposed.

3. The settlement amount of the Diminution Claim is hereby approved, and such amount is hereby deemed to be $60,000,000. This result avoids protracted litigation, potential insolvency of the Wind Down Trust and ensures an interim distribution in the near future to the holders of the New Series A1 WDT Interests.

4. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Signed: _____, 2026

_____
THE HONORABLE EDUARDO V. RODRIGUEZ
UNITED STATES BANKRUPTCY JUDGE