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 (EVR) (Jointly Administered)

LITIGATION TRUSTEE'S AMENDED MOTION FOR ENTRY OF AN ORDER APPROVING AMENDED SETTLEMENT AGREEMENT WITH BENEFICIENT

(Relates to ECF No. 2750)

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 July 20, 2026, at 3:00 p.m. (prevailing Central Time) via telephone and video conference. To participate electronically, parties must follow the instructions set forth on Judge Rodriguez's web page located at: https://www.txs.uscourts.gov/content/united-statesbankruptcy-judge-eduardo-v-rodriguez. Parties are additionally instructed to: (i) call in utilizing the dial-in-number for hearings before Judge Rodriguez at 832-917-1510, conference room number 999276 and (ii) log on to GoToMeeting for video appearances and witness testimony, utilizing conference code: judgerodriguez. Parties MUST HAVE TWO SEPARATE DEVICES to appear by video and telephonically. One device will be used to log on to GoToMeeting and the other will be used to call the telephonic conference line.

[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") respectfully moves this Court for entry of an order pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure approving the Amended Joint Prosecution & Allocation Settlement Agreement (the "Agreement") between the Litigation Trustee and Beneficient, on behalf of itself and its subsidiaries ("Beneficient," and together with the Litigation Trustee, the "Parties"), attached as **Exhibit A**.[2] In support, the Litigation Trustee states as follows:

PRELIMINARY STATEMENT

1. Shortly after the Bankruptcy Court approved a settlement resolving a subset of claims in *Goldberg v. Heppner et al.*, Adv. Pro. No. 24-03090 (the "D&O Adversary Proceeding"), Beneficient disclosed startling developments that directly corroborated and strengthened many of the Litigation Trustee's allegations in that case, as well as related adversary and arbitration proceedings. On June 21, 2025, Beneficient filed a Form 8-K announcing that its founder, Brad Heppner ("Heppner"), had resigned as Beneficient's director and chief executive officer after he refused to participate in a formal interview regarding "his knowledge of certain documents and information concerning Mr. Heppner's relationship to a related entity provided to the Company's auditors in 2019."[3]

2. On August 5, 2025, Beneficient filed a second Form 8-K disclosing three critical facts.[4] First, it confirmed that the "related party" identified in its June filing was HCLP Nominees LLC ("HCLP"), Beneficient's purported senior lender and a remaining defendant in the D&O Adversary Proceeding. Second, Beneficient announced that it had uncovered "credible evidence

[2] A redline of the Amended Joint Prosecution & Allocation Settlement Agreement is attached as **Exhibit B.**

[3] Beneficient Form 8-K, filed on June 21, 2025, *available at* https://www.sec.gov/ix?doc=/Archives/edgar/data/0001775734/000164117225016507/form8-k.htm.

[4] Beneficient Form 8-K, filed on August 5, 2025, *available at* https://www.sec.gov/ix?doc=/Archives/edgar/data/0001775734/000164117225022297/form8-k.htm.

that ***Mr. Heppner participated in fabricating and delivering fake documents to the Company regarding his and others' relationships to HCLP***, knowing that these documents would be provided to the Company's auditors." Third, Beneficient stated that it was "considering all options," including litigation against Heppner, HCLP, and any direct or indirect controllers of HCLP. These disclosures directly align with allegations already advanced by the Litigation Trustee, including that Heppner and others concealed his relationship with HCLP so that Heppner could funnel over $140 million of GWG funds to trusts and entities affiliated with Heppner.

3. Recognizing this overlap, Beneficient approached the Litigation Trustee and his counsel to explore coordinated efforts to prosecute their respective claims. The Agreement is the product of those discussions and provides substantial benefits to the Litigation Trust and its beneficiaries. Most importantly, it eliminates any "race to collect" against the Heppner Related Parties[5] by ensuring that *all* monetary recoveries—whether obtained by the Litigation Trustee or by Beneficient (or its subsidiaries)—flow exclusively to the Litigation Trust for distribution under the confirmed Plan.

4. The Agreement also creates a cooperative framework that facilitates coordinated prosecution of claims, streamlines access to information, allows the parties to share privileged information, and strengthens the Litigation Trust's ability to hold the non-settling defendants in the D&O Adversary Proceeding (the "Heppner Affiliated Entities") accountable, while expressly preserving the Litigation Trustee's independence. As a part of that cooperative framework, the

[5] The Agreement defines "Heppner Related Parties" to mean "Heppner and/or various entities and trusts affiliated with, related to, or controlled by Heppner, including the Heppner Affiliated Entities." The Agreement, in turn, defines "Heppner Affiliated Entities" as the non-settling defendants in the D&O Adversary Proceeding, namely: The Bradley K. Heppner Family Trust; The Heppner Family Home Trust; The Highland Business Holdings Trust; The Highland Investment Holdings Trust; Beneficient Holdings, Inc.; Bradley Capital Company, L.L.C.; Elmwood Bradley Oaks, L.P.; The Highland Investment Holdings Trust; Timothy B. Harmon, solely in his capacity as trustee of The Highland Investment Holdings Trust; HCLP Credit Company, L.L.C.; HCLP Nominees, L.L.C.; Highland Consolidated, L.P.; and Research Ranch Operating Company, L.L.C.

Agreement would allow Reid Collins & Tsai LLP ("Reid Collins") to serve as counsel to both the Litigation Trustee and Beneficient solely for the limited purpose of pursuing claims against Heppner and his affiliates. The Agreement includes detailed conflict disclosures, informed waivers, and safeguards—including the retention of conflicts counsel to screen privileged materials—that ensure Reid Collins's representation of Beneficient will not impair its zealous and independent advocacy for the Litigation Trust.

5. In short, the Agreement conserves resources, avoids duplicative litigation, and enhances the likelihood of recovery against Heppner and his network of affiliated entities and trusts. It is a fair, reasonable, and good-faith resolution that maximizes value for the Litigation Trust's beneficiaries. For these reasons, the Litigation Trustee respectfully requests that the Court approve the Agreement pursuant to Bankruptcy Rule 9019.

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.[6] 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).

[6] 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).

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 D&O Adversary Proceeding and D&O Settlement.

11. On April 19, 2024, the Litigation Trustee filed the D&O Adversary Proceeding, asserting claims against several former GWG directors and officers, Beneficient-related entities, and the Heppner Affiliated Entities (including HCLP). *See Goldberg v. Heppner et al.*, Adv. Pro. No. 24-03090, ECF No. 3 (the "Complaint" or "Compl."). The Complaint alleges, among other things, that a significant portion of the approximately $300 million that GWG transferred to or for the benefit of The Beneficient Group, L.P. and its affiliates (collectively, "BEN") were used to pay fees, principal, and interest that BEN purportedly owed HCLP. *See* Compl. ¶¶2, 107-113. Indeed, HCLP repeatedly made threats of foreclosing on BEN (which would result in GWG suffering "a substantial loss on its debt and equity exposure in BEN") in order to induce GWG's special committees to advance funds to BEN to make payments to HCLP. Compl. ¶19.

12. GWG and its special committees, however, were repeatedly misled about HCLP's relationship with Heppner, GWG's chairman at the time. Compl. ¶822; *see also* Compl. ¶¶ 186, 189-96, 222-27, 263-300, 530, 538-39, 540-46. "Heppner and others acting in concert with him misleadingly portrayed HCLP as if it were a legitimate, hard bargaining third-party lender," Compl. ¶¶114, 274, over which "Heppner had no control" and in which Heppner had only "a contingent indirect interest," *see id.* ¶¶20, 269-71. But Heppner did control HCLP and took steps to conceal that fact by, for example, changing HCLP's manager multiple times and backdating organizational documents. Compl. ¶20; *see id.* ¶¶114-131, 190-95, 225-28, 275, 283-85.

Moreover, contrary to representations that "no debt repayment would be received by Mr. Heppner or his affiliates," Compl. ¶270, nearly every dollar paid to HCLP ultimately ended up in trusts and other entities affiliated with Heppner, such as Bradley Capital and the Brad Heppner Family Trust. Compl. ¶¶3, 107, 109-12, 778, 788-89, 791.

13. On March 6, 2025, the Litigation Trustee entered into a settlement agreement with certain of the defendants in the D&O Adversary Proceeding, including GWG's former directors and officers and the Beneficient-related parties (the "D&O Settlement Agreement"). *See* Case No. 22-90032, ECF No. 2533-1. The D&O Settlement Agreement, however, did not release any claims against the Heppner Affiliated Entities, including HCLP. *See id.* at ¶18 ("Trust Action Releases") and ¶1(aaa) & (bbb) (defining "Reserved Trust Action Claims" and "Reserved Trust Action Defendants").

14. The D&O Settlement Agreement was conditioned on approval by the Bankruptcy Court and the District Court overseeing a parallel class action pending in the Northern District of Texas. *Id.* at ¶¶3-4. The Bankruptcy Court approved the D&O Settlement on June 13, 2025. Case No. 22-90032, ECF No. 2700. And the District Court finally approved for the D&O Settlement on January 13, 2026. *Bayati v. GWG Holdings, Inc.*, Case No. 3:22-cv-00410-B (N.D. Tex.), ECF No. 169.

B. Heppner's Resignation, Beneficient's Revelation of Heppner's Misconduct, and Heppner's Criminal Conviction

15. Beneficient filed a Form 8-K on June 21, 2025 (the "June Form 8-K"), announcing that Heppner had resigned as a director and chief executive officer on June 19, 2025.[7] The June Form 8-K explained that Heppner resigned "following a request from the Company's counsel,

[7] Beneficient Form 8-K, filed on June 21, 2025, & Ex. 99.1 *available at* https://www.sec.gov/ix?doc=/Archives/edgar/data/0001775734/000164117225016507/form8-k.htm.

acting at the direction of the Audit Committee of the Board, for Mr. Heppner to sit for a formal interview regarding, among other things, his knowledge of certain documents and information concerning Mr. Heppner's relationship to a related entity provided to the Company's auditors in 2019, which request Mr. Heppner refused."

16. On August 5, 2025, Beneficient filed another Form 8-K (the "August Form 8-K") announcing that HCLP had provided written notice to Beneficient stating that "events of default occurred" under the credit agreement between Beneficient Company Holdings, L.P. and HCLP.[8] The August Form 8-K also provided additional detail concerning the subject of the Audit Committee's interview request that precipitated Heppner's resignation. The August Form 8-K explained that "[t]he interview request was made after the Company identified credible evidence that Mr. Heppner participated in fabricating and delivering fake documents to the Company regarding his and others' relationships to HCLP, knowing that these documents would be provided to the Company's auditors." The August Form 8-K further stated that Beneficient "is investigating additional information it has learned about other conduct by Mr. Heppner and other persons that purportedly controlled HCLP to determine the extent to which any of that conduct surrounding HCLP was fraudulent" and "is considering all options that it may pursue related to this conduct, including litigation against Mr. Heppner, HCLP and any direct or indirect control parties of HCLP."[9]

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[8] Beneficient Form 8-K, filed on August 5, 2025, *available at* https://www.sec.gov/ix?doc=/Archives/edgar/data/0001775734/000164117225022297/form8-k.htm.

[9] In November 2025, Mr. Heppner was indicted for "engag[ing] in a fraudulent scheme to loot more than $150 million from GWG Holdings, Inc." which he accomplished "through a series of misrepresentations about, and self-serving transactions with, Highland Consolidated Limited Partnership ('HCLP')." *See United States of America v. Heppner*, Case No. 25-cr-503 (S.D.N.Y. October 28, 2025), ECF No. 3 ¶1 (Indictment of Bradley Heppner) . Following a multi-week trial, a jury returned a verdict finding that Mr. Heppner was guilty of securities fraud, wire fraud, conspiracy to commit securities fraud and wire fraud, and making a false statement to an auditor. *See id*. ECF No. 69 (Jury Verdict as to Bradley Heppner).

C. Joint Prosecution & Allocation Settlement Agreement.

17. Shortly after Beneficient filed the August Form 8-K, Beneficient contacted the Litigation Trustee and his counsel to propose coordinating the pursuit of their respective claims. Specifically, Beneficient indicated that its investigation had uncovered additional facts and evidence relevant to the Litigation Trustee's remaining claims in the D&O Adversary Proceeding, which it would share with the Litigation Trustee under a cooperative agreement. Beneficient also requested that the Litigation Trustee allow his counsel, Reid Collins, to represent it in pursuing its claims against Heppner, HCLP, and other related parties, which it believed would be jointly beneficial to Beneficient and the Litigation Trustee.

18. Following several discussions with Beneficient and carefully considering the issues with his counsel, the Litigation Trustee and Beneficient negotiated the terms of the Agreement. The Agreement contains the following key terms, summarized below in pertinent part:[10]

> Bankruptcy Court Approval: The Agreement is subject to approval of the Bankruptcy Court; if the Bankruptcy Court does not approve this Agreement, its terms will be null and void except as to provisions concerning (i) Beneficient's waiver of any conflicts and its agreement not to seek disqualification of Reid Collins (or any successor to Reid Collins) as counsel for the Litigation Trustee in any matter, and (ii) the restrictions on the use of any Shared or Privileged Information exchanged before the Bankruptcy Court refuses to approve the Agreement
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> Allocation of Recoveries: The Litigation Trustee and Beneficient agree that any and all monetary recoveries arising from claims against (or from the assets of) any Heppner Related Parties, whether or not currently named in the D&O Adversary Proceeding, shall solely be for the benefit of the Litigation Trust. Beneficient agrees that in any litigation it may pursue against the Heppner Related Parties (a) it may seek both non-monetary and monetary remedies, but (b) in the event Beneficient obtains a monetary recovery against the Heppner Related Parties, whether through a judgment, settlement or otherwise, those proceeds will be paid to the Litigation Trust for distribution by the Litigation Trustee in accordance with the terms of the Confirmation Order and Plan
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> Information Sharing/Privilege: Subject to the terms of the Agreement, Beneficient and the Litigation Trustee will share information with each other concerning Matters of Common

[10] This summary is provided solely for ease of reference and is qualified in its entirety by reference to the Agreement, the actual terms of which are controlling. *See* Ex. A.

Interest, which includes Beneficient's investigation referenced in its August Form 8-K. Subject to certain safeguards discussed below, the Parties may also share privileged information concerning Matters of Common Interest, and the Agreement provides that the sharing of privileged information between Beneficient and the Litigation Trustee will not waive any privilege with respect to such information. Any information exchanged under the Agreement is limited in its use to the Matters of Common Interest.

Conflicts Counsel: Prior to providing any information to the Litigation Trustee or his counsel, Beneficient's independent counsel will review that information to ensure that any information shared with the Litigation Trustee or his counsel is not protected by a joint attorney-client privilege, common interest privilege or any other applicable privilege that Beneficient shares with the Heppner Related Parties, any other defendant in the D&O Adversary Proceeding, or under any other counterparty to a written joint defense, common interest, or similar agreement to which Beneficent is also a party.

Counsel/Conflicts of Interest: The Litigation Trustee agrees to waive conflicts to allow Reid Collins to represent Beneficient solely for the purpose of pursuing claims against Heppner and Heppner Related Parties on an hourly or flat-fee basis. However, if the D&O Settlement is not approved by the District Court overseeing the Class Action, then Reid Collins's representation of Beneficient will immediately terminate without any further action by any Party or Reid Collins. Beneficient also waives any and all conflicts that may arise from Reid Collins's representation of it and the Litigation Trustee, and Beneficient agrees that it shall not seek to disqualify Reid Collins as counsel (or any successor counsel to or co-counsel with Reid Collins) for the Litigation Trustee from the D&O Adversary Proceeding or any other matter involving the Litigation Trust, including in the event the D&O Settlement is not approved by the District Court. The Agreement includes detailed conflict waivers by Beneficient.

Litigation Trustee's Independence: The Agreement also expressly provides that nothing in the Agreement shall impact the ability of the Litigation Trustee, on behalf of the Litigation Trust, to exercise his own business judgment in making any decisions with respect to the Litigation Trust or the pursuit of the Retained Causes of Action, as that term is defined in the Plan

RELIEF REQUESTED

19. 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

20. 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.

21. 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).

22. Similarly, the Litigation Trust Agreement provides that "any entry into any settlement of any Claim, Cause of Action, or other dispute, or any other transaction with an economic value of $5 million or more (in the Litigation Trustee's good faith determination) as of the date of consummation, settlement, or resolution of such transaction of dispute shall require approval of the Bankruptcy Court after notice and an opportunity for a hearing." Litigation Trust Agreement §3.2(a).

23. Because the Agreement resolves a potential allocation dispute and is a transaction that could represent more than $5 million of economic value to the estate and its creditors—and is with Beneficient, whose predecessors and affiliates were defendants in the D&O Adversary Proceeding prior to the Effective Date of the D&O Settlement Agreement (which occurred on

February 13, 2026)[11]—the Litigation Trustee believed that seeking Bankruptcy Court approval was consistent with the Plan and important to remain transparent as to the Litigation Trust's activities.

24. 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). 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); *Jackson Brewing*, 624 F.2d at 602–03.

25. 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 Ogle v. Morgan (In re Evergreen Helicopters Int'l Inc.*), 50 F.4th 547, 556 (5th Cir. 2022).

26. 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

[11] *See Goldberg v. Heppner et al.*, Adv. Pro. No. 24-03090 (Bankr. S.D. Tex.), ECF No. 173.

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); *see also Age Ref.*, 801 F.3d at 540 (same); *Jackson Brewing*, 624 F.2d at 602 (same).

27. 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." *Id.* Each of these factors weigh in favor of approving the Proposed Settlement.

A. The Agreement Improves the Litigation Trust's Probabilities of Success in Its Remaining Cases.

28. The Agreement does not compromise any of the Litigation Trust's substantive claims against the Heppner Affiliated Entities or any other defendants in the D&O Adversary Proceeding. Rather, it affirmatively strengthens the Litigation Trust's position and enhances the probability of success in two critical respects.

29. First, the Agreement provides the Litigation Trustee with access to Beneficient's investigative materials, information, and cooperative witnesses—resources that would otherwise take months (if not years) and substantial expense to obtain through discovery. Moreover, the Agreement allows Beneficient to share privileged information concerning its investigation with the Litigation Trustee, which the Litigation Trustee otherwise would not have access to through ordinary discovery. Beneficient's cooperation also will aid the Litigation Trustee in unraveling the complex structure of trusts and entities Heppner has employed to conceal his conduct and assets.

While litigation outcomes are never certain, access to this information materially improves the Trust's ability to prosecute claims against the Heppner Affiliated Entities and other defendants.

30. Second, the Agreement eliminates competition for the Heppner Affiliated Entities' assets. Beneficient has affirmatively agreed that any monetary recovery it obtains—whether through judgment, settlement, or otherwise—will inure solely to the Litigation Trust. This ensures that the Litigation Trust will not face a competing claimant in pursuing recoveries against the Heppner Affiliated Entities. Put simply, the Agreement not only enhances the Trust's likelihood of prevailing on the merits but also increases the likelihood of collecting on any judgment obtained.

B. The Agreement Cuts Through Delays, Inefficiencies and Duplicative Efforts.

31. The cooperative framework embodied in the Agreement also eliminates substantial delays and inefficiencies. Absent the Agreement, the Litigation Trustee would be forced to await discovery deadlines in the D&O Adversary Proceeding and then expend estate resources duplicating Beneficient's already-completed investigation. The Agreement accelerates the Trust's prosecution of claims by allowing near-immediate access to relevant information.

32. Moreover, cooperation with Beneficient is likely to reduce litigation expenses by streamlining the work of experts and avoiding duplicative efforts. These efficiencies conserve estate resources and increase the net recoveries ultimately available to creditors. In this way, the Agreement satisfies the second factor courts consider under Rule 9019: reducing complexity, delay, and expense.

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

33. 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 weigh in favor of approval. *Beach*, 731 F. App'x at 325.

34. In the Litigation Trustee's prudent business judgment, the Agreement is in the best interests of creditors. It enhances the Litigation Trust's chances of success on the merits, maximizes the likelihood of recovery on any judgment, and ensures that the Litigation Trust's beneficiaries—not competing claimants—will benefit from any recoveries on claims against the Heppner Affiliated Entities. In fact, Beneficient has agreed that all monetary recoveries from the "Heppner Related Parties," regardless of which party secures them, will flow exclusively to the Litigation Trust for distribution under the Plan. In short, even if the Agreement itself does not yield an immediate monetary recovery, the Agreement protects creditor recoveries from dilution and ensures that every dollar recovered from the Heppner Affiliated Entities benefits the Litigation Trust.

35. The Agreement also squarely addresses potential concerns regarding Reid Collins's dual representation of the Litigation Trustee and Beneficient. Beneficient has provided informed written consent after consultation with independent counsel, and the Agreement includes detailed conflict disclosures, waivers, and safeguards—such as the use of conflicts counsel to screen any shared privileged materials. These safeguards ensure that the Litigation Trustee's representation is never compromised.

36. Finally, the Agreement is the product of good-faith, arm's-length negotiations between sophisticated parties represented by experienced counsel. Each party bargained independently and in its own interest, and the resulting Agreement reflects a fair compromise that advances the collective interests of the estate's beneficiaries.

37. In sum, the Agreement reflects precisely the type of good-faith compromise Rule 9019 was designed to encourage. It conserves resources, streamlines prosecution, eliminates duplication, and maximizes the likelihood of recovery, while fully protecting the Litigation

Trustee's independence and the creditors' interests. For all these reasons, the Litigation Trustee respectfully submits that the Agreement is fair, equitable, and in the best interests of creditors, and requests that the Court approve the Agreement pursuant to Bankruptcy Rule 9019.

NOTICE

In coordination with the Successor Wind Down Trustee and Stretto, the Litigation Trustee will serve a Summary Paper Notice in accordance with the Court's Order Granting the GWG Litigation Trustee and Successor Wind Down Trustee's Joint Motion to Establish Service Procedures for the Litigation Trust and the Wind Down Trust, ECF No. 2864. Stretto will file a certificate of service as soon as such service is effectuated. In addition, the Litigation Trustee will coordinate with the Wind Down Trustee to ensure that this Motion and its Exhibits are posted on the Settlement's tab at the Case Website, which is located at www.gwgholdingstrust.com.

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 Agreement by granting the Proposed Order attached hereto as **Exhibit C**; and (iii) granting all other relief that is appropriate under the circumstances.

Dated: June 15, 2026

REID COLLINS & TSAI LLP

By: */s/ Nathaniel J. Palmer*

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Counsel for the GWG Litigation Trustee

CERTIFICATE OF SERVICE

I, Nathaniel Palmer, certify that on June 15, 2026, 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 J. Palmer
Nathaniel J. Palmer