

GWG Holdings, Inc.
Form POS AM
April 08, 2016

As filed with the Securities and Exchange Commission on April 8, 2016

Registration No. 333-206626

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 3 TO

FORM S-1

REGISTRATION STATEMENT

Under the Securities Act of 1933

GWG HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

Delaware

26-2222607

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

220 South Sixth Street, Suite 1200
Minneapolis, Minnesota 55402
Tel: (612) 746-1944
Fax: (612) 746-0445

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Copies to:

Paul D. Chestovich

GWG Holdings, Inc.

Dominic Baldini

Maslon LLP

Jon R. Sabes

Emerson Equity LLC

3300 Wells Fargo Center

Chief Executive Officer

155 Bovet Road, Suite 725

90 South Seventh Street

220 South Sixth Street, Suite 1200

San Mateo, CA 94402

Minneapolis, Minnesota 55402

Minneapolis, Minnesota 55402

Tel: (650) 312-0200

Tel: (612) 672-8200

Tel: (612) 746-1944

(Name, address, including zip code,
and telephone number, including area
code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. "

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the SEC pursuant to Rule 462(e) under the Securities Act, check the following box. "

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer "	Accelerated filer "	Non-accelerated filer "	Smaller reporting company
			x

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(4)
Redeemable Preferred Stock, par value \$.001 per share	100,000	\$ 1,000	\$ 100,000,000	\$ 11,620
Common Stock, par value \$.001 per share(2)(3)	—	—	—	—

(1) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933.

(2) We also are registering hereunder an indeterminate number of shares of Common Stock that may be issuable upon the conversion of the Redeemable Preferred Stock. The shares of Common Stock issuable upon conversion of the Redeemable Preferred Stock will be issued for no additional consideration, and therefore no registration fee is required pursuant to Rule 457(i) under the Securities Act of 1933.

(3) Pursuant to Rule 416 under the Securities Act of 1933, such number of shares of Common Stock registered hereby also shall include an indeterminate number of shares of Common Stock that may be issued in connection with stock splits, stock dividends, recapitalizations or similar events or adjustments in the number of shares issuable as provided in the Certificate of Designation for the Redeemable Preferred Stock.

(4) Registration fee previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission, of which this prospectus is a part, shall have been declared effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 8, 2016

GWG HOLDINGS, INC.

Maximum of 100,000 Shares of Redeemable Preferred Stock

GWG Holdings, Inc., through its subsidiaries, invests in life insurance assets in the secondary marketplace. Our objective is to earn returns from our investments in life insurance assets that are greater than the costs necessary to purchase, finance and service those policies to their maturity.

We are offering a maximum of 100,000 shares of our Redeemable Preferred Stock, par value \$.001 per share, referred to as our "Redeemable Preferred Stock." Each share of Redeemable Preferred Stock has an initial Stated Value of \$1,000 per share, and up to 15% of the Stated Value is convertible into common stock at a conversion price equal to the volume-weighted average price of our common stock for the 20 trading days prior to the date of conversion, subject to a minimum conversion price of \$15.00 (subject to adjustment).

The Redeemable Preferred Stock will be sold at a public offering price of \$1,000 per share. The Redeemable Preferred Stock will not be issued or certificated. The Redeemable Preferred Stock will rank senior to our common stock with respect to payment of dividends and distribution of amounts upon liquidation, dissolution or winding up. Holders of our Redeemable Preferred Stock will have no voting rights.

Our common stock trades on The NASDAQ Capital Market under the symbol "GWGH."

We are an "emerging growth company" under applicable law and are subject to reduced public company reporting requirements. Please read the disclosures on page 3 of this prospectus for more information. Investing in our securities involves a high degree of risk, including the risk of losing your entire investment. You should carefully read and consider "Risk Factors" included in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q, and those on page 10 of this prospectus and in any applicable prospectus supplement before investing in our securities.

Please read this prospectus before investing and keep it for future reference. We file annual, quarterly and current reports with the SEC. This information will be available free of charge by contacting us at 220 South Sixth Street, Suite 1200, Minneapolis, Minnesota 55402 or by phone at (612) 746-1944 or on our website at www.gwglife.com. The SEC also maintains a website at www.sec.gov that contains such information.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Maximum Offering
Public offering price	\$ 1,000	\$ 100,000,000
Selling commissions(1)(3)	\$ 60	\$ 6,000,000
Additional compensation(2)(3)	\$ 20	\$ 2,000,000

Proceeds, before expenses, to us	\$ 920	\$ 92,000,000
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- (1) Selling commissions will equal 6.00% of aggregate gross proceeds, and will be payable to each soliciting broker-dealer authorized by us and Emerson Equity LLC, the managing broker-dealer or “dealer manager” for this offering.
- (2) Additional compensation consists of (i) a non-accountable expense allowance of up to 0.60% of gross offering proceeds, (ii) an accountable expense allowance of up to 0.40% of gross offering proceeds, (iii) a dealer manager fee (payable only to Emerson Equity) of 0.40% of gross offering proceeds for managing and coordinating the offering, (iv) a wholesaling fee (payable only to wholesaling dealers) of 0.50% of gross offering proceeds, and (v) non-cash compensation of up to 0.10% of gross offering proceeds. Aggregate additional compensation will not exceed 2.00% of gross offering proceeds. The dealer manager may reallocate up to 0.60% of additional compensation to other soliciting broker-dealers. The amount of the reallocation to any soliciting broker-dealer will be determined by the dealer manager in its sole discretion.
- (3) The combined selling commissions and additional compensation for this offering will not exceed 8.00% of the aggregate gross proceeds of this offering. Our dealer manager will repay us any selling commission and additional compensation payments exceeding 8.00% of our aggregate gross offering proceeds if this offering is terminated before reaching the maximum amount of offering proceeds.

The dealer manager of this offering is Emerson Equity LLC. The dealer manager is not required to sell any specific number or dollar amount of Redeemable Preferred Stock, but will use its “reasonable best efforts” to sell the Redeemable Preferred Stock offered. The minimum permitted purchase is generally \$10,000, but we may accept purchases of less than \$10,000 in our discretion. We expect to sell up to 100,000 shares of Redeemable Preferred Stock in this continuous offering. We may terminate this offering at any time or may offer Redeemable Preferred Stock pursuant to a new registration statement.

We will sell Redeemable Preferred Stock through Depository Trust Company, or DTC, settlement, and through direct settlement with the Company. See “How to Purchase Redeemable Preferred Stock” and “Plan of Distribution” for a description of this settlement method.

EMERSON EQUITY LLC

as Dealer Manager

The date of this prospectus is , 2016

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GWG Holdings, Inc.
220 South Sixth Street, Suite 1200
Minneapolis, MN 55402
Tel: (612) 746-1944
Fax: (612) 746-0445

ABOUT THIS PROSPECTUS

We have prepared this prospectus as part of a registration statement that we filed with the SEC for our offering of Redeemable Preferred Stock. The registration statement we filed with the SEC includes exhibits that provide more detailed descriptions of the matters discussed in this prospectus and certain information that is incorporated by reference. You should read this prospectus, the related exhibits filed with the SEC, together with additional information described below under “Where You Can Find More Information,” and the documents which are incorporated, or deemed to be incorporated, by reference into this prospectus. This prospectus contains summaries of certain other documents, which summaries contain all material terms of the relevant documents and are believed to be accurate, but reference is hereby made to the full text of the actual documents for complete information concerning the rights and obligations of the parties thereto. Such information necessarily incorporates significant assumptions, as well as factual matters. All documents relating to this offering and related documents and agreements, if readily available to us, will be made available to a prospective investor or its representatives upon request.

You should rely only on the information contained in this prospectus. Neither we nor the dealer manager have authorized any other person to provide you with any information different from that contained in this prospectus or information furnished by us upon request as described herein. The information contained in this prospectus is complete and accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or sale of our Redeemable Preferred Stock. In this prospectus, we use the term “day” to refer to a calendar day, and we use the term “business day” to refer to any day other than Saturday, Sunday, a legal holiday or a day on which banks in New York City are authorized or required to close.

No information contained herein, nor in any prior, contemporaneous or subsequent communication should be construed by a prospective investor as legal or tax advice. Each prospective investor should consult its, his or her own legal, tax and financial advisors to ascertain the merits and risks of the transactions described herein prior to purchasing the Redeemable Preferred Stock. This written communication is not intended to be “written advice,” as defined in Circular 230 published by the U.S. Treasury Department.

INDUSTRY AND MARKET DATA

The industry and market data used throughout this prospectus have been obtained from our own research, surveys or studies conducted by third parties and industry or general publications. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. We believe that each of these studies and publications is reliable.

HOW TO PURCHASE REDEEMABLE PREFERRED STOCK

If, after carefully reading this entire prospectus, obtaining any other information requested and available, and being fully satisfied with the results of pre-investment due-diligence activities, you would like to purchase Redeemable Preferred Stock, you may purchase of Redeemable Preferred Stock through DTC (Depository Trust Company) settlement or direct settlement with the Company.

For DTC settlement, your broker-dealer must be a participant in the DTC system. In such a case, you can place an order for the purchase of Redeemable Preferred Stock through your broker-dealer. A broker-dealer using this service will have an account with DTC in which your funds will be placed to facilitate your purchase in this offering. Orders will be executed by your broker-dealer electronically and you must coordinate with your broker-dealer’s registered representative to pay the full purchase price for the Redeemable Preferred Stock by the final settlement date. Orders may be placed at any time, and the final settlement date will be the date on which your purchase is accepted and consummated, which we anticipate will ordinarily occur on a monthly basis. You will be credited with ownership of shares of Redeemable Preferred Stock on the settlement date. Your purchase price for the Redeemable Preferred Stock purchased in this way will not be held in escrow.

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When settling a purchase directly with the Company, you will send your completed and executed Subscription Agreement, together with your subscription amount, to our transfer agent, Securities Transfer Corp., at the address listed below. Your subscription amount should be paid through a certified check or personal check payable to the order of “Securities Transfer Corp. Agent for GWG Holdings, Inc.” In lieu of paying by check, you may wire your subscription amount to the accounts referenced below.

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Securities Transfer Corp.
2591 Dallas Parkway, Suite 102
Frisco, TX 75034

Please make checks payable to “Securities Transfer Corp. Agent for GWG Holdings, Inc.”

WIRE INSTRUCTIONS

Domestic Incoming Wires:

Texas Bank & Trust Company

300 East Whaley Street

Longview, TX 75601

ABA/Routing# 111923238

Account# 574589

Account Name: Securities Transfer Corp. Agent for GWG Holdings, Inc.

International Incoming Wires:

Receiving Bank:

Frost National Bank

100 W Houston

San Antonio, TX 78205

Swift Address: FRSTUS44

Beneficiary Bank:

Texas Bank & Trust Company

300 East Whaley Street

Longview, TX 75601

Account# 11192323

For Further Credit to:

Account Name: Securities Transfer Corp. Agent for GWG Holdings, Inc.

Account# 574589

If you are working with a broker-dealer or other investment professional, your broker-dealer or professional will gather and send in the required information on your behalf, and may facilitate your payment of the subscription amount. Once we have received your subscription amount and required documentation, we will either reject or accept your subscription. Once accepted, we will have immediate access to your subscription amount and we will issue you, in book-entry form, the shares of Redeemable Preferred Stock you have purchased.

COVERED SECURITY

Our Redeemable Preferred Stock is a “covered security.” The term “covered security” applies to securities exempt from state registration pursuant to Section 18 of the Securities Act of 1933. Generally, securities listed on national exchanges are the most common type of covered security exempt from state registration. A non-traded security also can be a covered security if it has a seniority greater than or equal to other securities from the same issuer that are listed on a national exchange. Our Redeemable Preferred Stock is a covered security because they will be senior to our common stock, which is listed on The NASDAQ Capital Market, and therefore our offering of Redeemable Preferred Stock is exempt from state registration.

FREQUENTLY ASKED QUESTIONS ABOUT THIS OFFERING

What is this offering?

GWG Holdings, Inc. is offering to sell 100,000 shares of Redeemable Preferred Stock at \$1,000 per share. This stock will pay a 7.00% per annum cumulative dividend. The stock will be callable at GWG's discretion once it has been outstanding for at least one year. After the stock has been outstanding for at least one year, investors may redeem this stock once per calendar quarter in an amount up to 25% of the Redeemable Preferred Stock originally purchased from us (plus any preferred shares issued in satisfaction of dividends thereon), subject, however, to an applicable redemption fee. In addition, investors may themselves elect to convert some of their preferred shares into GWG's common stock. Certain changes to these redemption provisions are proposed for approval at GWG's annual stockholder meeting scheduled for April 22, 2016. For more information, please refer to the "Summary — Pending Amendments" section of this prospectus.

Are there minimum purchase requirements for this offering?

The Redeemable Preferred Stock will sell for \$1,000 per share. The minimum purchase is 10 shares and there is no maximum purchase. There is no aggregate minimum number of shares that must be subscribed for, or related proceeds that must be received, before we can accept subscriptions and access investor funds.

What do you mean by "preferred stock?"

Preferred stock means that, in the event of the liquidation of our Company, the holder of this stock will receive preferential treatment as compared to holders of certain other stock or equity in the Company. In this case, the holders of this preferred stock would receive payment of accrued and declared but unpaid dividends, plus the Stated Value of their preferred stock (i.e., the original purchase price), before the holders of junior equity such as our common stock. This preferred stock will also entitle its holders to preferred dividends, meaning that dividends on this stock must be paid prior to dividend payments being made to holders of junior equity such as our common stock. This preferred stock does not, however, have any voting rights.

Will I be able to receive any of my dividend payments in the form of additional shares of preferred stock?

Yes. You may receive dividend payments in cash if there are no restrictions on the payment of such dividends arising under applicable law, our borrowing agreements or our Certificate of Incorporation, as amended. Nevertheless, we may at our election choose to pay dividends in the form of additional shares of preferred stock. In addition, you may choose to receive dividends in the form of additional shares of preferred stock by notifying us prior to any payment date for dividends. In this regard, dividends, if paid, will be declared and paid on a monthly basis. You may change your election to receive dividends in the form of additional shares of preferred stock (back to cash, or vice versa) once per calendar year.

Are the dividends paid on this stock taxable?

Yes, the dividends you receive on this stock are taxable in the period in which you receive the dividends. We believe that dividends paid on this stock may be eligible for taxation as "qualified dividend income," which means a tax rate of 15–20% may apply to this income depending on the ordinary income marginal tax bracket in which an investor is taxed. Investors will receive an IRS form 1099-DIV for the tax year in which a dividend is paid. Investors should consult with their own tax advisor regarding tax consequences.

Is my investment guaranteed?

No. As with almost any investment, there is a risk of loss. Before you invest in our Redeemable Preferred Stock you should read the entire prospectus and understand the risks associated with this investment. In particular, you should carefully read the “Risk Factors” section of this prospectus together with the risk disclosures incorporated into this prospectus by reference. We encourage you to review all of our disclosure about this offering and to ask questions of us and consult with your advisors about any questions you may have regarding this offering.

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Can I resell or transfer my preferred stock after it has been purchased?

Yes. It will be legally possible to sell or transfer your preferred stock since these securities are being offered and sold pursuant to a registration statement. We do not, however, expect a public trading market to develop for the Redeemable Preferred Stock in the foreseeable future, if ever. If you wish to transfer your preferred shares held in book-entry form, you should contact us. If you wish to transfer your preferred shares held through DTC, you should contact your broker-dealer.

Will it be possible to redeem the shares for cash at some point?

Yes. Once you have held preferred shares for at least one year, you will be entitled once per calendar quarter to request redemption of up to 25% of your Redeemable Preferred Stock originally purchased from us (plus any preferred shares issued in satisfaction of dividends thereon) at a redemption price equal to the Stated Value of such redeemed shares, plus any accrued but unpaid dividends thereon. In some cases, however, a redemption fee may apply. After preferred shares have been held at least three years, no redemption fee will apply. Certain changes to these redemption provisions are proposed for approval at GWG's annual stockholder meeting scheduled for April 22, 2016. For more information, please refer to the "Summary — Pending Amendments" section of this prospectus.

You should understand that we will not be obligated in all cases to honor these redemption requests. Our obligation to honor redemption requests will be limited to the extent that we do not have sufficient funds available to fund any such redemption (which determination we will make in our discretion), by applicable law, any restrictions in our Certificate of Incorporation, as amended, and any borrowing agreements to which we or our subsidiaries are a party or are otherwise bound. To the extent we have requests for redemptions that we are unable to satisfy, we will honor redemption requests promptly after we become able to do so, with all such deferred redemption requests being satisfied on a prorated basis, regardless of the order in which we received those requests. See "Description of the Redeemable Preferred Stock." See also "Risk Factors — You may not be able to redeem your shares of Redeemable Preferred Stock when and as you wish."

If I have an emergency, can I get any of my money when I need it?

Preferred stock is an equity investment and we are not obligated to redeem your shares unless and until we call the stock for redemption. You should take this into account before you purchase our preferred stock. You should not count on us redeeming any stock if you have an emergency need for the money. There are, however, certain circumstances — such as upon your death, bankruptcy or total disability — where we will, if legally possible, redeem your shares upon your request. These circumstances are discussed immediately below.

If I die, will you repurchase my preferred stock?

Not automatically. The legal representative of your estate will, however, have the right to request that we redeem your preferred shares. If we receive adequate documentation evidencing your death, we will honor this kind of repurchase request without any penalty if we are permitted by applicable law, our Certificate of Incorporation, as amended, and our borrowing agreements to do so. In the absence of a repurchase request by your estate, your preferred stock will go to your estate for distribution according to your will or the applicable laws of intestacy, and be paid out when called by us or through your estate's exercise of a redemption request. The Certificate of Designation for our Redeemable Preferred Stock, which governs the rights, preferences and privileges of the preferred shares, contains similar rights to request redemption in the event of a bankruptcy or your total disability. Please see "Description of the Redeemable Preferred Stock" for important details about these rights.

Will I receive a stock certificate?

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No. Stock certificates will not be issued. Your ownership will be noted as Redeemable Preferred Stock in our stock register and on the balance sheet of GWG Holdings, Inc.

What if I need proof of ownership of my investment in GWG?

At your request, we will confirm your investment in our Redeemable Preferred Stock in writing.

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Can I convert my preferred stock into shares of common stock?

Yes. Holders of this preferred stock may convert the stock they purchase from us and hold into common stock. When this is done, the conversion price at which common shares are issued will equal to the volume-weighted average price of our common stock for the 20 trading days immediately prior to the date on which notice of conversion is delivered to us. In no event, however, may the conversion price be less than \$15.00 (which minimum price will be subject to equitable adjustment upon customary events affecting our share capital). You should understand, however, that a holder will be limited in the number of preferred shares that may be converted in this fashion. Specifically, a holder is limited to the extent that the Stated Value of converted preferred shares equals 15% of the Stated Value of preferred stock originally purchased by a holder from us and still held by such holder. For this purpose, shares of Redeemable Preferred Stock issued to holders in satisfaction of our dividend-payment obligations will not count as shares “originally purchased” from us.

Your right to convert preferred shares into common shares will be suspended in the event that we call your preferred shares for redemption. For more information, please see “Description of the Redeemable Preferred Stock.”

Could my subscription be refused?

Yes. Subscriptions and the investment in GWG must be approved by our management. We have the right to reject any subscription for our preferred stock.

What is GWG Holdings, Inc.?

We are a specialty finance company and a leading purchaser of life insurance policies in the secondary market. We are a holding company, meaning that we hold interests in subsidiaries and the subsidiaries generate income through operations. Through our subsidiary GWG Life, we purchase and finance life insurance policies at a discount to the face value of the policy benefit. In addition, through our subsidiary GWG MCA Capital we participate in the merchant cash advance business.

While our primary wholly owned operating subsidiary began operations in March 2006, we were formed and organized in Delaware in 2008. In September 2014, we consummated an initial public offering of our common stock. In connection with this offering, we started listing our common stock on The NASDAQ Capital Market under the ticker symbol “GWGH.” We are based in Minneapolis, Minnesota.

How long will this offering last?

The offering is a continuous offering. Under SEC rules, the offering under this registration statement will expire on October 30, 2018, three years from the date of its effectiveness. We may, however, conduct similar or identical offerings during this same time or afterwards. We may also decide to terminate this offering at any time.

Will I be notified of how my investment is doing?

We will provide you with periodic updates on our performance through periodic filings we make with the SEC. Such filings will include: (i) three quarterly financial reports; (ii) one annual report; (iii) supplements and amendments to this offering, as appropriate; and (iv) such other reports as required under Sections 13 and 15(d) of the Securities Exchange Act of 1934. Such information is also available on our corporate website at www.gwglife.com.

Who can help answer my questions about the offering?

If you have more questions about the offering, you should contact a registered representative of your broker-dealer or other investment professional, or else contact:

GWG Holdings, Inc.

220 South Sixth Street, Suite 1200

Minneapolis, MN 55402

(612) 746-1944

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PROSPECTUS SUMMARY

This summary highlights some of the information in this prospectus. It is not complete and may not contain all of the information that you may want to consider. To understand this offering fully, you should carefully read the entire prospectus, including the section entitled “Risk Factors,” and the documents which are incorporated, or deemed to be incorporated, by reference into this prospectus, before making a decision to invest in our Redeemable Preferred Stock. Unless otherwise noted or unless the context otherwise requires, the terms “we,” “us,” “our,” the “Company” and “GWG” refer to GWG Holdings, Inc. together with its wholly owned subsidiaries. In instances where we refer emphatically to “GWG Holdings” or “GWG Holdings, Inc.,” or where we refer to a specific subsidiary of ours by name, we are referring only to that specific legal entity.

Our Company

We are a specialty finance company and a leading financial purchaser of life insurance assets in the secondary market. We create opportunities for consumers owning life insurance to obtain significant value for their policies as compared to the traditional options offered by insurance companies. We also create opportunities for investors to participate in alternative asset classes, such as life insurance, not correlated to traditional financial markets. In so doing, we enable investors to take advantage of financial opportunities dominated by banks prior to the 2008 credit crisis.

The life insurance secondary market provides consumers with the opportunity to sell their life insurance policies to financial buyers for a market value, rather than the surrender value offered by insurance carriers. When a life insurance policy is sold, the purchase price will exceed the surrender value, but will be at a discount to the face value of the policy benefit. Since inception, we have purchased approximately \$1.85 billion in face value of policy benefits from consumers for over \$315.5 million, an amount that exceeded surrender value of those policies by over \$294.7 million. Why do consumers choose to sell their life insurance in the secondary market? There are a number of reasons, such as no longer needing or wanting the coverage, no longer being able to afford the premiums, or just wanting to maximize their life insurance investment. We believe that, for consumers 65 years or older and owning life insurance, we provide a unique financial opportunity that is far more valuable than surrendering a policy for a fraction of its market value or allowing it to lapse as worthless.

The potential secondary market for life insurance is large. According to the American Council of Life Insurers Fact Book 2015 (ACLI), individuals owned over \$11.0 trillion in face value of life insurance policies in the United States in 2014. This figure includes all types of policies, including term and permanent insurance known as whole life and universal life. The ACLI reports that the lapse and surrender rate of individual life insurance policies for 2014 was 5.3%, amounting to over \$602 billion in face value of policy benefits lapsed and surrendered in 2014 alone. These figures do not include group-owned life insurance, such as employer-provided life insurance, the market for which totaled over \$8.2 trillion of face value of life insurance policies in the United States in 2014. Group-owned life insurance exhibits similar lapse and surrender rates to consumer owned life insurance according to the ACLI.

Research by Conning Research & Consulting (Conning) reports that the annual net market potential for life insurance policy benefits sold in the secondary market exceeds \$138 billion in 2015. Of that market potential, Conning estimates that investors purchased approximately \$1.7 billion in face value of life insurance assets in 2014, indicating that the market is dramatically underserved. And with an aging demographic in the United States, Conning expects the net market potential to grow to an annual \$166 billion in face value of life insurance benefits by 2024. We share the belief that the life insurance secondary market represents both a dramatically underserved market and significant long-term growth opportunity.

Our business model is to earn a net profit between the yield generated by the alternative assets we own and the costs we incur to originate and finance the assets. We believe that we are uniquely positioned to acquire life insurance assets directly from consumers needing our services, and to finance our portfolio’s growth by providing investors with

the opportunity to participate in the yield we generate from our assets. At the same time, we seek to fill the vacuum created by the widespread disappearance of bank-driven finance in a variety of other alternative asset classes. We further believe that GWG is well organized and positioned to address the market need.

To participate and compete in our growing market, we have spent and intend to continue spending significant resources: (i) developing a robust operational platform and systems for originating and purchasing life insurance policies and other alternative assets; (ii) creating opportunities for investors to participate in the yield generated by alternative assets we own; (iii) recruiting and developing a professional management team; and (iv) establishing strategic relationships for delivering the services we provide.

Portfolio Information

Our portfolio of life insurance policies, owned by our wholly-owned subsidiaries as of December 31, 2015, is summarized below:

Total portfolio face value of policy benefits	\$ 944,844,000	
Average face value per policy	\$ 2,386,000	
Average face value per insured life	\$ 2,639,000	
Average age of insured (yrs.)	82.6	
Average life expectancy estimate (yrs.)	6.6	
Total number of policies	396	
Number of unique lives	358	
Demographics	70% Males; 30% Females	
Number of smokers	10	
Largest policy as % of total portfolio	1.06	%
Average policy as % of total portfolio	0.25	%
Average annual premium as % of face value	3.41	%
Corporate Organization		

Our business was originally organized in February 2006, and we added our current parent holding company, GWG Holdings Inc., in March 2008. In September 2014, we consummated an initial public offering of our common stock on The Nasdaq Capital Market, where our stock trades under the ticker symbol “GWGH.”

GWG Holdings, Inc. (GWG Holdings) conducts its life insurance related business through a wholly-owned subsidiary, GWG Life, LLC (GWG Life), and GWG Life’s wholly-owned subsidiaries, GWG Trust (Trust), GWG DLP Funding II, LLC (DLP II) and GWG DLP Funding III, LLC (DLP III). All of these entities are legally organized in Delaware.

In February 2016, we launched a new operating division in the merchant cash industry through a subsidiary entity, GWG MCA Capital, Inc. (“GWG MCA Capital”). GWG MCA Capital provides secured loans to merchant cash advance funders, and also provides merchant cash advances directly to small businesses across the United States. To begin this operating division, we acquired a \$4.3 million portfolio of loans and advances from a subsidiary of Walker Preston Capital. As part of the transaction, we retained the services of Patrick F. Preece as the President and Chief Executive Officer of GWG MCA Capital. Mr. Preece had been the Chief Executive Officer of Walker Preston Capital prior to our acquisition of its loan portfolio and, prior to his work with Walker Preston Capital, Mr. Preece was head of asset securitization for Autobahn, a \$6 billion commercial paper conduit for DZ Bank that specialized in financing alternative classes. To finance our GWG MCA Capital portfolio, we intend to offer investors the opportunity to participate in the yield potentially generated by these alternative assets through a variety of securities offerings.

Our principal executive offices are located at 220 South Sixth Street, Suite 1200, Minneapolis, Minnesota 55402 and our telephone number is (612) 746-1944. Our website address is www.gwglife.com. The information on or accessible through our website is not part of this prospectus. Our corporate structure, including our principal subsidiaries, is as follows:

“Emerging Growth Company” Status

As a public reporting company with less than \$1 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” under the Jumpstart our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of certain reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. In particular, as an emerging growth company we:

- are not required to obtain an attestation and report from our auditors on our management’s assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002;
- are not required to provide a detailed narrative disclosure discussing our compensation principles, objectives and elements and analyzing how those elements fit with our principles and objectives (commonly referred to as “compensation discussion and analysis”);
- are not required to obtain a non-binding advisory vote from our stockholders on executive compensation or golden parachute arrangements (commonly referred to as the “say-on-pay,” “say-on-frequency” and “say-on-golden-parachute” votes);
- are exempt from certain executive compensation disclosure provisions requiring a pay-for-performance graph and CEO pay ratio disclosure;
- may present only two years of audited financial statements and only two years of related Management’s Discussion & Analysis of Financial Condition and Results of Operations, or MD&A; and
- are eligible to claim longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act.

We intend to take advantage of all of these reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act. Our

election to use the phase-in periods is irrevocable and may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the longer phase-in periods under §107 of the JOBS Act.

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Certain of these reduced reporting requirements and exemptions were already available to us due to the fact that we also qualify as a “smaller reporting company” under SEC rules. For instance, smaller reporting companies are not required to obtain an auditor attestation and report regarding management’s assessment of internal control over financial reporting; are not required to provide a compensation discussion and analysis; are not required to provide a pay-for-performance graph or CEO pay ratio disclosure; and may present only two years of audited financial statements and related MD&A disclosure.

Under the JOBS Act, we may take advantage of the above-described reduced reporting requirements and exemptions for up to five years after our initial sale of common equity pursuant to a registration statement declared effective under the Securities Act of 1933 (which occurred in September 2014), or such earlier time that we no longer meet the definition of an emerging growth company. In this regard, the JOBS Act provides that we would cease to be an “emerging growth company” if we have more than \$1 billion in annual revenues, have more than \$700 million in market value of our common stock held by non-affiliates, or issue more than \$1 billion in principal amount of non-convertible debt over a three-year period. Furthermore, under current SEC rules we will continue to qualify as a “smaller reporting company” for so long as we have a public float (i.e., the market value of common equity held by non-affiliates) of less than \$75 million as of the last business day of our most recently completed second fiscal quarter.

The Offering

Issuer GWG Holdings, Inc.

Method of Purchase Investors may pay cash or exchange their outstanding debt securities issued by the Company in satisfaction of the aggregate purchase price for the Redeemable Preferred Stock.

Minimum Investment The minimum investment amount is generally \$10,000, but we may accept purchases of less than \$10,000 in our discretion.

Offering Price \$1,000 per share of Redeemable Preferred Stock.

Redeemable Preferred Stock We are offering up to 100,000 shares of Redeemable Preferred Stock on a continuous basis.

Ranking. The Redeemable Preferred Stock ranks senior to our common stock, *pari passu* to our Series A Convertible Preferred Stock, and senior or *pari passu* with all other classes and series of our preferred stock, with respect to payment of dividends and rights upon liquidation, dissolution or winding up.

“Pari passu” means that in determining priority of payment in respect of entitlement to dividends and rights upon our liquidation, winding-up or dissolution, the holders of our Redeemable Preferred Stock, together with the holders of any other class of “pari passu” equity, will be treated equally and without preference.

Stated Value. Each share of Redeemable Preferred Stock will have an initial “Stated Value” of \$1,000, subject to appropriate adjustment upon certain events such as recapitalizations, stock dividends, stock splits, stock combinations, and reclassifications, as set forth in the Certificate of Designation for the Redeemable Preferred Stock.

Dividends. Holders of Redeemable Preferred Stock are entitled to receive, when and as declared by our Board of Directors out of legally available funds, cumulative cash dividends on each share of Redeemable Preferred Stock at an annual rate of 7.00% of the Stated Value of such share. Dividends on the Redeemable Preferred Stock will be calculated based on twelve 30-day months. The regular record date we will use for determining the holders of record entitled to receive any payment of dividends on a payment date will be the last calendar day of each calendar month. Payment of dividends will be made monthly, in arrears (to the holders of record on the immediately prior record date), on the 15th calendar day of the next following month (or the next business day thereafter if the 15th calendar day is not a business day). Dividends on each share of Redeemable Preferred Stock will begin accruing on, and will be cumulative from, the date of issuance and regardless of whether our Board of Directors declares and pays such dividends. A change in the regular record date to be used for the payment of dividends is proposed for approval at our April 22, 2016 annual stockholder meeting. For a summary of this and other changes, please see the “Pending Amendments” caption below.

In the event that our Certificate of Incorporation, as amended, provisions of Delaware law or our borrowing agreements prohibit us from paying dividends in cash, and if we do not pay dividends in the form of preferred stock as described below, unpaid dividends

will cumulate.

At our option, we may pay dividends in the form of duly authorized, validly issued, fully paid and non-assessable shares of the Redeemable Preferred Stock. Any Redeemable Preferred Stock we issue in satisfaction of our dividend-payment obligations will be valued at the Stated Value of such shares.

At or prior to such time as dividends are due and payable, a holder of Redeemable Preferred Stock may elect to receive all or any portion of such holder's accrued but unpaid dividends in the form of additional shares of Redeemable Preferred Stock, with each share having a value equal to the Stated Value. In order to exercise this option, a holder must deliver written notice to us before such dividends are paid. A holder may change his, her or its election to receive dividends in the form of cash or shares one time per calendar year.

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No commissions or additional compensation will be payable on preferred shares issued in satisfaction of our dividend-payment obligations.

Voting Rights. The Redeemable Preferred Stock has no voting rights.

Redemption Request at the Option of a Holder. Beginning one year from the date of original issuance of any shares of Redeemable Preferred Stock to be redeemed, a holder will have the opportunity to request once per calendar quarter that we redeem up to 25% of such holder's Redeemable Preferred Stock originally purchased from us (plus any preferred shares issued in satisfaction of dividends thereon) at a redemption price equal to the Stated Value of such redeemed shares, plus any accrued but unpaid dividends thereon, less the applicable redemption fee (if any). As a percentage of the aggregate redemption price of a holder's shares to be redeemed, the redemption fee shall be:

- 8% if the redemption is requested after the first anniversary and before the second anniversary of the original issuance of such shares.
- 5% if the redemption is requested after the second anniversary and before the third anniversary of the original issuance of such shares.

Beginning three years from the date of original issuance of such shares, no redemption fee shall be subtracted from the redemption price. Certain changes to these redemption provisions are proposed for approval at GWG's annual stockholder meeting scheduled for April 22, 2016. For a summary of this and other changes, please see the "Pending Amendments" caption below.

Optional Repurchase Upon Death, Disability or Bankruptcy of a Holder. Subject to certain restrictions and conditions, we will also redeem shares of Redeemable Preferred Stock of a holder who is a natural person (including an individual beneficial holder who holds our preferred shares through a custodian or nominee, such as a broker-dealer) upon his or her death, total disability or bankruptcy, within 60 days of our receipt of a written request from the holder or the holder's estate at a redemption price equal to the Stated Value, plus accrued and unpaid dividends thereon.

A "total disability" means a determination by a physician approved by us that a holder, who was gainfully employed and working on a full-time basis as of the date on which his or her Redeemable Preferred Stock was purchased, has been unable to work on a full-time basis for at least 24 consecutive months. In this regard, the Certificate of Designation for the Redeemable Preferred Stock defines working "on a full-time basis" to mean working at least 40 hours per week.

Optional Redemption by the Company. After one year from the date of original issuance of shares of Redeemable Preferred Stock, we will have the right (but not the obligation) to call and redeem such shares of Redeemable Preferred Stock at 100% of their Stated Value, plus any accrued but unpaid dividends thereon.

Restrictions on Redemption and Repurchase. We will not be obligated in all cases to redeem shares of Redeemable Preferred Stock, whether upon a redemption request by a holder, at the option of the Company, or upon the death, total disability or bankruptcy of a holder. In particular, we will not redeem or repurchase any preferred shares if we are restricted by applicable law or our Certificate of Incorporation, as amended, from making

such redemption or to the extent any such redemption would cause or constitute a default under any borrowing agreements to which we or any of our subsidiaries are a party or otherwise bound. In addition, we will have no obligation to redeem preferred shares upon a redemption request made by a holder if we do not have sufficient funds available to fund that redemption. We will have discretion under the Certificate of Designation for the Redeemable Preferred Stock to determine whether we are in possession of “sufficient funds” to fund a redemption request. To the extent we have requests for redemptions that we are unable to satisfy, we will honor these redemptions promptly after we become able to do so, with all such deferred requests being satisfied on a prorated basis, regardless of the order in which we received the requests.

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Conversion by a Holder. Subject to the limitations described below, holders of Redeemable Preferred Stock will have the option to convert the Redeemable Preferred Stock they purchase from us and hold into common stock at a conversion price equal to the volume-weighted average price of our common stock for the 20 trading days immediately prior to the date on which notice of conversion is delivered to us, subject to a minimum conversion price of \$15.00. This minimum conversion price will be equitably adjusted upon customary events affecting our share capital, such as stock dividends, subdivisions (splits), and combinations.

The right of holders to convert their Redeemable Preferred Stock is limited to 15% of the Stated Value of Redeemable Preferred Stock originally purchased by such holder from us and still held by such holder. For this purpose, shares of Redeemable Preferred Stock issued to holders in satisfaction of our dividend-payment obligations will not count as shares “originally purchased” from us.

In the event that we deliver a notice of proposed redemption of an investor’s preferred shares (see the caption “Optional Redemption by the Company” above), the right of a holder to convert those shares into our common stock will be suspended until the redemption date. If, however, we do not consummate the redemption on the redemption date, then the suspension on the right to convert will terminate and holders will once again have the right to convert their preferred shares into our common stock.

Liquidation Preference. Upon any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, before any distribution or payment shall be made to holders of our common stock or any other class or series of capital stock ranking junior to our shares of Redeemable Preferred Stock, the holders of shares of Redeemable Preferred Stock will be entitled to be paid out of our assets legally available for distribution to our stockholders, after payment or provision for our debts and other liabilities, a liquidation preference equal to the Stated Value per share, plus accrued but unpaid dividends thereon.

Capital stock outstanding
before this offering

2,781,735 shares of Series A Convertible Preferred Stock, and 5,941,790 shares of common stock (this number excludes shares of common stock issuable upon the conversion of our outstanding Series A Convertible Preferred Stock, the exercise of outstanding warrants and options, and shares of common stock reserved for future issuance under our equity incentive plan).

Capital stock outstanding
after this offering

100,000 shares of Redeemable Preferred Stock, assuming all shares of Redeemable Preferred Stock offered hereby are sold, 2,781,735 shares of Series A Convertible Preferred Stock, and 5,941,790 shares of common stock (this number excludes shares of common stock issuable upon the conversion of our outstanding Series A Convertible Preferred Stock, the exercise of outstanding warrants and options, and shares of common stock reserved for future issuance under our equity incentive plan).

Use of Proceeds

If all the Redeemable Preferred Stock is sold for cash, we would expect to receive up to approximately \$91,700,000 of net proceeds from this offering after deducting estimated offering expenses, including selling commissions and additional compensation, and our own offering-related expenses. There is no minimum amount of Redeemable Preferred Stock that must be sold before we access investor funds.

We intend to use a majority of the net cash proceeds from this offering to acquire additional life insurance policy assets. We intend to use the remaining net proceeds from this offering for investments in other alternative assets, including without limitation to make merchant cash advances, and make other business expenditures, including without limitation to make payments of premiums on life insurance policy assets we own, to redeem shares of Series A Convertible Preferred Stock, to repay principal and interest on debt as it becomes due, to make strategic acquisitions of other yield-bearing assets, specifically including engaging in the merchant cash advance industry, and for general working capital purposes. See “Use of Proceeds” for additional information.

No Market for Redeemable Preferred Stock; Transferability

There is no existing public trading market for the Redeemable Preferred Stock and we do not anticipate that a secondary market for the Redeemable Preferred Stock will develop. We do not intend to apply for listing of the Redeemable Preferred Stock on any securities exchange or for quotation of the Redeemable Preferred Stock in any automated dealer quotation system. Nevertheless, you will be able to freely transfer or pledge Redeemable Preferred Stock.

Tax Matters

Dividends received by individual holders of Redeemable Preferred Stock will generally be subject to a tax rate of 15% to 20% if such dividends are treated as “qualified dividend income” for U.S. federal income tax purposes, depending on the ordinary income tax bracket of the individual holder. The treatment of dividends received as qualified dividends is limited under certain circumstances. Please see “Material Federal Income Tax Considerations.”

Covered Security

Our Redeemable Convertible Stock is a “covered security.” The term “covered security” applies to securities exempt from state registration pursuant to Section 18 of the Securities Act of 1933. Generally, securities listed on national exchanges are the most common type of covered security exempt from state registration. A non-traded security also can be a covered security if it has a seniority greater than or equal to other securities from the same issuer that are listed on a national exchange. Our Redeemable Preferred Stock is a covered security because they will be senior to our common stock, which is listed on The NASDAQ Capital Market, and therefore our offering of Redeemable Preferred Stock is exempt from state registration.

Risk Factors

An investment in the Redeemable Preferred Stock involves significant risks, including the risk of losing your entire investment. For a summary of risks relating to this offering and our Company and business, please see “Risk Factors,” page 10.

Pending Amendments

Our annual stockholder meeting is scheduled for April 22, 2016. At that meeting, our stockholders are being asked to approve certain amendments to the Certificate of Designation for the Redeemable Preferred Stock. If approved, these amendments will set a different regular record date for determining holders entitled to receive monthly dividend payments, and modify the terms under which holders may request redemption of their preferred stock. In particular:

- the new proposed regular record date will be the final business day of the month on which our common stock trades or is eligible to trade (as opposed to the final calendar day of a month, which is the current regular record date), subject to the requirement that a holder must have held preferred shares for more than two business days; and
- the proposed redemption modifications will: (i) permit holders to request redemption at any time (thereby eliminating the one-year holding requirement), (ii) permit holders to request redemption without volume limitations (thereby eliminating the current limitation that a holder may request redemption for a maximum of up to 25% of the preferred shares originally purchased from the Company); and (iii) reset the applicable redemption fees as follows —
- 12% for redemptions requested prior to the first anniversary of purchase;

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- 10% for redemptions requested on or after the first anniversary, but prior to the second anniversary, of purchase; and
- 8% for redemptions requested on or after second anniversary, but prior to the third anniversary, of purchase.

No redemption fee will apply for redemptions requested on or after the third anniversary of purchase.

If these proposals are approved, we will update this prospectus accordingly and file an appropriate prospectus supplement with the SEC.

RISK RELATING TO FORWARD-LOOKING STATEMENTS

Certain matters discussed in this prospectus contain forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions about our operations and the investments we make, including, among other things, factors discussed under the heading “Risk Factors” in this prospectus and the following:

- changes in the secondary market for life insurance;
- our limited operating history;
- the valuation of assets reflected on our financial statements;
- the reliability of assumptions underlying our actuarial models, including our life expectancy estimates;
- our reliance on debt financing;
- risks relating to the validity and enforceability of the life insurance policies we purchase;
- our reliance on information provided and obtained by third parties;
- federal, state and FINRA regulatory matters;
- competition in the secondary market of life insurance;
- the relative illiquidity of life insurance policies;
- our ability to satisfy our debt obligations if we were to sell our entire portfolio of life insurance policies;
- life insurance company credit exposure;
- general economic outlook, including prevailing interest rates;
- performance of our investments in life insurance policies;
- financing requirements;
- litigation risks;
- restrictive covenants contained in borrowing agreements;
- increases in the cost of premiums charged by insurers for the policies we own; and
- our ability to make cash distributions in satisfaction of dividend obligations and redemption requests.

Forward-looking statements can be identified by the use of words like “believes,” “could,” “possibly,” “probably,” “anticipates,” “estimates,” “projects,” “expects,” “may,” “will,” “should,” “seek,” “intend,” “plan,” “expect,” or “consider” or the negative of expressions or other variations, or by discussions of strategy that involve risks and uncertainties. All forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual transactions, results, performance or achievements to be materially different from any future transactions, results, performance or achievements expressed or implied by such forward-looking statements.

We base these forward-looking statements on current expectations and projections about future events and the information currently available to us. Although we believe that the assumptions for these forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Consequently, no representation or warranty can be given that the estimates, opinions, or assumptions made in or referenced by this prospectus will prove to be accurate. Some of the risks, uncertainties and assumptions are identified in the discussion entitled “Risk Factors” in this prospectus. We caution you that the forward-looking statements in this prospectus are only estimates and predictions, or statements of current intent. Actual results or outcomes, or actions that we ultimately undertake, could differ materially from those anticipated in the forward-looking statements due to risks, uncertainties or actual events differing from the assumptions underlying these statements. These risks, uncertainties and assumptions include, but are not limited to, those discussed in this prospectus.

RISK FACTORS

An investment in our securities involves a high degree of risk. Before purchasing the securities offered by this prospectus, you should carefully consider the risks, uncertainties and additional information (i) set forth in our most recent Annual Report on Form 10-K filed with the SEC on March 22, 2016, Current Reports on Form 8-K filed with the SEC on March 8, 2016 and February 26, 2016, and our definitive proxy statement filed with the SEC on April 4, 2016, all which are incorporated by reference into this prospectus, and (ii) contained herein or in any applicable prospectus supplement. For a description of these reports and documents, and information about where you can find them, see “Where You Can Find More Information” and “Incorporation of Certain Documents By Reference.” The risks and uncertainties in this prospectus and in the documents incorporated, or deemed to be incorporated, by reference in this prospectus are those that we currently believe may materially impact the Company. Additional risks not presently known or are currently deemed immaterial could also materially and adversely affect our financial condition, results of operations, business and prospects.

There is no public market for our Redeemable Preferred Stock and we do not expect one to develop.

There is no public market for our Redeemable Preferred Stock offered in this offering, and we currently have no plan to list these securities on a securities exchange or to include these shares for quotation on any national securities market. If you are able to sell the Redeemable Preferred Stock, you may only be able to sell them at a substantial discount from the price you paid. Therefore, you should purchase the Redeemable Preferred Stock only as a long-term investment. Beginning one year from the date of original issuance, the holder of shares of Redeemable Preferred Stock may request that we redeem such shares, with the redemption price payable in cash. Nevertheless, we will have no obligation to redeem preferred shares upon a redemption request made by a holder if we do not have sufficient funds available to fund that redemption and, in this regard, the Certificate of Designation for the Redeemable Preferred Stock provides us with significant discretion to determine whether we are in possession of “sufficient funds” to fund a redemption request.

We will be required to terminate this offering if our common stock is no longer listed on The NASDAQ Capital Market or another national securities exchange.

The Redeemable Preferred Stock is a “covered security” and therefore is not subject to registration under the state securities (i.e., blue sky), regulations in the various states in which it may be sold due to its seniority to our common stock, which is listed on The NASDAQ Capital Market. If our common stock is no longer listed on the The NASDAQ Capital Market or another national securities exchange, we will be required to register this offering in any state in which we subsequently offer the Redeemable Preferred Stock. This would require the termination of this offering and could result in our raising an amount of gross proceeds that is substantially less than the amount of the gross proceeds we expect to raise if the maximum offering is sold. This would reduce our ability to make additional investments and limit the diversification of our portfolio.

There may not be a broad market for our common stock, which may cause our common stock to trade at a discount and make it difficult for you to sell the common stock into which your Redeemable Preferred Stock is convertible.

Our common stock into which the Redeemable Preferred Stock is convertible trades on The NASDAQ Capital Market under the symbol “GWGH.” Listing on The NASDAQ Capital Market another national securities exchange does not ensure an actual or active market for our common stock. Accordingly, an actual or active market for our common stock may not be maintained, the market for our common stock may not be liquid, the holders of our common stock may be unable to sell their shares of our common stock, and the prices that may be obtained in a sale of our common stock that you receive upon the conversion of your Redeemable Preferred Stock may not reflect the underlying value of our assets and business.

You may not be able to redeem your shares of Redeemable Preferred Stock when and as you wish.

You will be entitled periodically to request a redemption of a portion of your Redeemable Preferred Stock once you have held your preferred shares for at least one year. Nevertheless, there is no assurance that we will be able, or willing, to redeem those shares as you may request. The Certificate of Designation for the Redeemable Preferred Stock contains limitations on our ability to redeem preferred shares upon a redemption request, and also provides us with discretion to decline those requests. For example, if either our Certificate of Incorporation, as amended, or applicable law prohibits us from using funds to redeem your preferred shares when requested, we will not be under any obligation

to redeem those shares. Similarly, if we or any of our subsidiaries are parties to (or otherwise bound by) an agreement under which we or they have borrowed money, and the consummation of a redemption request would trigger a breach of the borrowing agreement, then we will not be under any obligation to redeem those shares as requested. Finally, and importantly, the Certificate of Designation for the Redeemable Preferred Stock provides us with the right to decline a redemption request in the event we determine that we do not have sufficient funds to fund a redemption request. In this regard, the Certificate of Designation grants us, the Company, with the discretion to determine whether or not we have “sufficient funds” to fund a redemption.

All of these provisions discussed above are in the nature of restrictions and limitations on an investor’s ability to complete a redemption of his, her or its investment in our Redeemable Preferred Stock, and none of these restrictions and limitations (or the determinations upon which they are based) will be within your control. These provisions together create the risk that you, if you invest in these preferred shares, may not be able to redeem your preferred stock when and as you wish. As such, we believe that an investment in our Redeemable Preferred Stock is suited only for investors who will have no need for immediate liquidity in their investment.

We will be able to call your shares of Redeemable Preferred Stock for redemption under certain circumstances without your consent.

We will have the ability to call the outstanding shares of Redeemable Preferred Stock after one year from the date of original issuance of such shares of Redeemable Preferred Stock. At that time, we will have the right to redeem, at our option, the outstanding shares of Redeemable Preferred Stock, in whole or in part, at 100% of the Stated Value per share, plus any accrued and unpaid dividends.

Our limited operating history makes it difficult for you to evaluate our likely performance and this investment.

We are a company with a limited history, which makes it difficult to accurately forecast our earnings and cash flows. During the year ended December 31, 2015, we incurred a net loss of \$7.4 million, and in the year ended December 31, 2014, we incurred a net loss of \$6.0 million, and in the year ended December 31, 2013, we incurred a net loss of \$0.2 million. Our lack of a significant history and the evolving nature of the market in which we operate make it likely that there are risks inherent in our business that are yet to be recognized by us or others, or not fully appreciated, and that could result in us earning less than we anticipate or even suffering further anticipated or unanticipated losses. As a result of the foregoing, an investment in our securities necessarily involves uncertainty about the stability of our earnings, cash flows and, ultimately, our ability to service and repay our debt and meet our other obligations. Moreover, we have limited income, cash flow, funds from operations and cash available for distribution from which we can make distributions to holders of the Redeemable Preferred Stock.

You should consider our prospects in light of the risks, uncertainties and difficulties frequently encountered by companies like ours that do not have a substantial operating history, many of which may be beyond our control.

We depend upon cash distributions from our subsidiaries, and contractual restrictions on distributions to us or adverse events at one of our operating subsidiaries could materially and adversely affect our ability to pay our debts and to continue to operate our business, which may harm our financial position and cash flow and potentially impact our ability to pay dividends on or satisfy redemptions for the Redeemable Preferred Stock.

GWG Holdings, Inc. is a holding company. As a holding company, we conduct our operations through our operating subsidiaries, and our only significant assets are the capital stock of our subsidiaries. Accordingly, our ability to meet our cash obligations, including our obligations under the Redeemable Preferred Stock, depends in material part upon the ability of our subsidiaries to make cash distributions to us. In this regard, the ability of our subsidiaries to make distributions to us is, and will continue to be, restricted by certain negative covenants in the agreement governing our senior revolving credit facility. Our subsidiaries, DLP II and DLP III, are the borrowers under our senior revolving credit facility. The significant majority of the insurance policies we own are subject to a collateral arrangement with

the agent for our revolving credit lender. Under this arrangement, collection and escrow accounts are used to fund purchases of and premiums for our insurance policies and to pay interest and other charges under the senior revolving credit facility. The lender and its agent must authorize all disbursements from these accounts, including any distributions to GWG Life. Depending on the current advance rate of the facility, distributions may be made directly to GWG Life or may be limited to an amount that would result in the borrowers (us) realizing an annualized rate of return on the equity funded amount for such assets of not more than 18%, as determined by the

agent. After such amount is reached, the credit agreement requires that excess funds be used to fund repayments or a reserve account in a certain amount, before any additional distributions may be made.

If any of the above limitations were to materially impede the flow of cash to us, such fact would materially and adversely affect our ability to pay cash dividends on or redeem the Redeemable Preferred Stock. In addition, any adverse event at the subsidiary level, such as a declaration of bankruptcy, liquidation or reorganization or an event of default under our senior revolving credit facility, could materially and adversely affect the ability of our subsidiaries to make cash distributions to us. Just as with a material contractual impediment to cash flow, any such subsidiary corporate event would materially and adversely affect our ability to service and repay our debt and to pay cash dividends on or redeem the Redeemable Preferred Stock, and could negatively impact our ability to continue operations.

We cannot guarantee we will be able to make cash distributions in satisfaction of dividend obligations and redemption requests.

Holders of Redeemable Preferred Stock are entitled to receive, when, and as authorized by our Board of Directors and declared by us out of legally available funds, cumulative cash dividends on each share of Redeemable Preferred Stock at an annual rate of 7.00% of the Stated Value. We expect to pay dividends on the Redeemable Preferred Stock monthly. Nevertheless, provisions of Delaware law, our Certificate of Incorporation, as amended, or our borrowing agreements, may prohibit us from doing so. If our Board of Directors does not declare and pay cash dividends, and if they do not choose to satisfy our dividend-payment obligations by issuing additional shares of preferred stock, then unpaid dividends will cumulate.

Moreover, as we acquire life insurance assets, we will incur substantial costs to perform due diligence tasks and other costs connected with acquiring these assets. The funding source of these costs may be from financing or operating activities. Regardless of the source of funding these acquisition costs, they could have a negative impact on our ability to pay cash dividends.

We established the offering price for the Redeemable Preferred Stock pursuant to negotiations among us and our dealer manager. As a result, the actual value of your investment may be substantially less than what you pay.

The selling price of the Redeemable Preferred Stock has been determined pursuant to negotiations among us and the dealer manager, based upon the following primary factors: the economic conditions in and future prospects for the industry in which we compete; our prospects for future earnings; an assessment of our management; the present state of our development; the prevailing conditions of the equity securities markets at the time of this offering; and current market valuations of public companies considered comparable to our company. Because the offering price is not based upon any independent valuation, the offering price is not indicative of the proceeds that you would receive upon a sale

The Redeemable Preferred Stock will be subordinate in right of payment to any corporate level debt that we incur, and your interests could be diluted by the issuance of additional preferred stock, including additional Redeemable Preferred Stock, and by other transactions.

The Redeemable Preferred Stock will be subordinate in right of payment to any corporate level debt that we incur. The credit agreement for our credit facility includes, and future debt we incur may include, restrictions on our ability to pay cash dividends on our preferred stock, including the Redeemable Preferred Stock. The issuance of additional preferred stock on a parity with or senior to the Redeemable Preferred Stock would dilute the interests of the holders of the Redeemable Preferred Stock, and any issuance of preferred stock senior to the Redeemable Preferred Stock or of additional indebtedness could affect our ability to pay cash dividends on, redeem or ultimately pay the liquidation preference on the Redeemable Preferred Stock. The Redeemable Preferred Stock does not contain any provision affording the holders of the Redeemable Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all of our assets or business, that

might adversely affect the holders of the Redeemable Preferred Stock.

Our ability to redeem shares of Redeemable Preferred Stock may be limited by Delaware law.

Under Delaware law, a corporation may redeem stock as long as, after giving effect to the redemption, the corporation is able to pay its debts as they become due in the usual course (the equity solvency test) and its total assets exceed the sum of its total liabilities plus, unless its charter permits otherwise, the amount that would be needed, if the

corporation were to be dissolved at the time of the redemption, to satisfy the preferential rights upon dissolution of stockholders when preferential rights on dissolution are superior to those whose stock is being redeemed (the balance sheet solvency test). If we are insolvent at any time when a redemption of shares of Redeemable Preferred Stock is required to be made, we may not be able to effect such redemption.

We have no obligation to contribute to a sinking fund to retire the Redeemable Preferred Stock, nor is the Redeemable Preferred Stock guaranteed by any governmental agency.

We have no obligation to contribute funds to a sinking fund with respect to the Redeemable Preferred Stock. The Redeemable Preferred Stock is not guaranteed by any depository institution. Further, no governmental entity insures or guarantees payment on the Redeemable Preferred Stock if we do not have enough funds to make principal or interest payments.

Actual results from our life insurance portfolio may not match our expected results, which could adversely affect our ability to make distributions.

Our business model relies on achieving actual results from our portfolio of life insurance assets that are profitable. In this regard, we expect to receive cash flows from our investments in life insurance policy assets over time. We believe that the larger the portfolio we own, the greater the likelihood that we will receive cash flows that better meet our expectations. To our knowledge, rating agencies generally suggest that portfolios of life insurance policies be diversified enough to achieve actuarial stability in receiving expected cash flows from underlying mortalities. For instance, in a study published in 2012, A.M. Best concluded that at least 300 lives are necessary to narrow the band of cash flow volatility and achieve actuarial stability, while Standard & Poor's has indicated that stability is unlikely to be achieved with a pool of less than 1,000 lives. As of December 31, 2015, we owned life insurance policies covering 358 lives. Accordingly, while there is a risk with a portfolio of any size that actual cash flows may be less predictable than expected, we believe that the risk is higher when our current portfolio is smaller than rating agency recommendations.

Although we plan to expand the number of life insurance policies we own using proceeds raised from this offering of Redeemable Preferred Stock, we may be unable to meet this goal if sufficient financing from capital sources is not available or is available only on unfavorable or unacceptable terms. Furthermore, even if our portfolio reaches the size we desire, we still may experience differences between our expected cash flows and our actual cash flow. Any resulting reduction in our revenues and net income could cause a resulting decrease in our cash available for distributions.

Cost-of-insurance (premium) increases could materially and adversely affect our financial condition and our profitability.

We are subject to the risk of increased cost-of-insurance (COI) charges (i.e., premium charges) for the universal life insurance policies we own in our portfolio. Approximately 10% of the policies in our portfolio have premium levels that are guaranteed, under the terms of the policy, to keep the policy's death benefit in force even in a situation where the policy's cash account has been wholly depleted. We fund the remaining 90% of our policies to pay "non-guaranteed COI charges," and therefore we are subject to the risk that the insurer could increase the COI charges for the policy. In all cases, the amount or rate of increase is subject to limits set forth in the insurance policy. Because very few of the policies we own have significant cash account value balances, any COI increase will require us to use more cash to satisfy the minimum premium amount required to keep the policy in force.

A COI increase can be expected to impair the value of the affected policy since extra expense (additional premium amounts) will be required to keep the policy in force, and such extra expense will diminish the economic value (return) of the policy upon the mortality of the insured. As a result, any widespread COI increases in policies owned in our portfolio would likely have a material and adverse effect on the value of our portfolio, which in turn would

materially and adversely affect our financial condition and our profitability.

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We may not be able to raise the capital that we are seeking, and may be unable to meet our overall business objectives of growing a larger, more statistically diverse portfolio of life insurance policies without the proceeds from our offerings of Redeemable Preferred Stock.

Our offer and sale of Redeemable Preferred Stock and our L Bond offering are principal means by which we intend to raise funds needed to meet our goal of growing a larger and more statistically diverse portfolio likely to meet our cash flow projections. While we plan to continue financing our business, if we are unable to continue to do so for any reason we may be unable to meet our goal. In addition, if actual cash flows from our portfolio of life insurance policies do not occur as our actuarial projections have forecasted, we could be forced to sell our investments in life insurance policies in order to service or satisfy our debt-related obligations. If we are forced to sell investments in life insurance policies or our entire portfolio, we may be unable to sell them at prices we believe are appropriate, and may not be able to sell them at prices that approximate the discount rate we have applied to value our portfolio, particularly if our sale of policies occurs at a time when we are (or are perceived to be) in distress. In any such event, our business and the value of our securities, including the Redeemable Preferred Stock, may be materially and adversely impacted.

We are an “emerging growth company” under federal securities laws, and the reduced reporting requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act, or JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements normally applicable to public companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, exemptions from the requirements of holding a non-binding advisory vote on executive compensation, and delayed adoption of new or revised financial accounting standards. We could be an emerging growth company through 2019, although certain circumstances could cause us to lose that status earlier. It is possible that investors will find our common stock (into which Redeemable Preferred Stock is partially convertible) less attractive due to our use of these reduced reporting requirements. If some investors do in fact find our common stock less attractive, there may be a less active trading market for our common stock and our stock price may be more volatile.

We cannot know the tax implications of an investment in the Redeemable Preferred Stock.

The section of this prospectus entitled “Material Federal Income Tax Considerations” sets forth a summary of federal income tax consequences to the purchasers of the Redeemable Preferred Stock. No information is provided concerning tax consequences under any other federal, state, local or foreign laws that may apply to the purchasers of the Redeemable Preferred Stock. Prospective investors or their representatives should read that section very carefully in order to properly evaluate the federal income tax risks of an investment in the Redeemable Preferred Stock. Each prospective investor should consult his personal counsel, accountant and other business advisors as to the federal, state, local and foreign tax consequences of an investment in the Redeemable Preferred Stock.

USE OF PROCEEDS

Assuming we sell the maximum number of shares of Redeemable Preferred Stock in this offering, for cash, at the public offering price of \$1,000 per share, we expect to receive up to approximately \$91,700,000 of net cash proceeds from this offering after paying selling commissions, dealer manager fees, and our own estimated offering expenses. More specifically, if all Redeemable Preferred Stock offered hereby is sold, we would pay \$6,000,000 in selling commissions, up to \$2,000,000 in additional compensation, and an estimated \$300,000 in our own offering-related expenses consisting of legal, accounting, printing, mailing, registration, qualification and associated securities offering filing costs and expenses. Additional compensation consists of (i) a non-accountable expense allowance of up to 0.60% of gross offering proceeds, (ii) an accountable expense allowance of up to 0.40% of gross offering proceeds, (iii) a dealer manager fee (payable only to Emerson Equity) of 0.40% of gross offering proceeds for managing and coordinating the offering, (iv) a wholesaling fee (payable only to wholesaling dealers) of 0.50% of gross offering proceeds, and (v) non-cash compensation of up to 0.10% of gross offering proceeds. Aggregate additional underwriting compensation will not exceed 2.0% of gross offering proceeds. The dealer manager may reallocate up to 0.60% of additional compensation to soliciting broker-dealers. The amount of the reallocation to any soliciting broker-dealer will be determined by the dealer manager in its sole discretion.

The maximum amount of commissions, fees, non-cash compensation, if any, and reimbursements payable to FINRA selling members is 8.0% of the gross proceeds of Redeemable Preferred Stock sold. If all of the Redeemable Preferred Stock was sold for cash and the maximum commissions, fees, non-cash compensation and reimbursements were paid, we estimate that the net cash proceeds to us, after paying our own estimated offering and related expenses, would be approximately \$91,700,000. Nevertheless, because we do not know the total amount of Redeemable Preferred Stock that will be ultimately sold, we are unable to accurately forecast the total net proceeds that will be generated by this offering.

There is no minimum amount of Redeemable Preferred Stock that must be sold before we access investor funds.

Our goal is to use a majority of the net proceeds from the sale of Redeemable Preferred Stock to purchase additional life insurance policy assets in the secondary market. The precise amount of proceeds we apply towards purchasing additional life insurance policy assets will depend, among other things, on the amount of net proceeds that we receive from the sale of Redeemable Preferred Stock being offered, the existence and timing of opportunities to expand our portfolio of insurance policy assets or acquire other yield-bearing alternative assets, our cash needs for certain other expenditures (summarized below) we anticipate incurring in connection with our business, and the availability of other sources of cash (e.g., our senior revolving credit facility). These certain other expenditures include:

- servicing of life insurance assets;
- redemption of Series A Convertible Preferred Stock;
- paying principal at maturity, interest and fees to our lenders, including under our senior revolving credit facility, the Series I Secured Notes, and the L Bonds; and paying fees and expenses of the trustees of certain trusts and the securities intermediary associated with our financing arrangements, and fees and expenses related to the Redeemable Preferred Stock offered hereby;
- acquisition of other yield-bearing alternative assets, specifically including in connection with the operation of our merchant cash advance business; and
- general working capital purposes.

As indicated above, the extent to which we will use proceeds from this offering for these other purposes, and the amounts and timing of such expenditures will depend on a variety of factors. In sum, our management will have

significant discretion over the ultimate manner in which net proceeds from this offering will be applied. Net offering proceeds not immediately applied to the uses summarized above will be invested in short-term investments such as money market funds, commercial paper, U.S. Treasury Bills and similar securities investments pending their use. We may also purchase interest rate hedges to lock in our cost of capital, or longevity hedges to lock in our expected return from our portfolio.

As indicated above, we may use some of the net proceeds from this offering to pay premiums on life insurance assets we own. See note 3 to Consolidated Financial Statements for information regarding our estimated premium obligations.

Also as indicated above, we may use some of the net proceeds from this offering to pay principal amounts owing under our Series I Secured Notes or L Bonds when such amounts become due and payable, or to redeem shares of Series A Convertible Preferred Stock. The amount of such securities that we would repay with proceeds of this offering will depend, in part, on whether the holders of such securities elect repayment rather than renewal of such securities, as well as whether we elect to use other sources of repayment. We believe it is most likely that such payments, if any, would relate to debt securities that mature within the first three years after the initial effective date of the registration statement of which this prospectus is a part. The weighted-average interest rate of our outstanding Series I Secured Notes as of December 31, 2015 and December 31, 2014 was 8.47% and 8.37%, respectively, and the weighted-average maturity at those dates was 1.06 and 2.01 years, respectively. The notes are secured by assets of GWG Life. The principal amount outstanding under these Series I Secured Notes was \$23,578,000 and \$28,047,000 at December 31, 2015 and 2014, respectively. At December 31, 2015 and 2014, the weighted-average interest rate of L Bonds was 7.18% and 7.45%, respectively. The amount outstanding under these L Bonds was \$282,171,000 and \$186,377,000 at December 31, 2015 and 2014, respectively.

BUSINESS

Overview

GWG Holdings, Inc. is a specialty finance company and a leading financial purchaser of life insurance assets in the secondary market. We create opportunities for consumers owning life insurance to obtain significant value for their policies as compared to the traditional options offered by insurance companies. We also create opportunities for investors to participate in alternative asset classes, such as life insurance, not correlated to traditional financial markets. In so doing, we enable investors to take advantage of financial opportunities dominated by banks prior to the 2008 credit crisis.

The life insurance secondary market provides consumers with the opportunity to sell their life insurance policies to financial buyers for a market value, rather than the surrender value offered by insurance carriers. When a life insurance policy is sold, the purchase price will exceed the surrender value, but will be at a discount to the face value of the policy benefit. Since inception, we have purchased approximately \$1.85 billion in face value of policy benefits from consumers for over \$315.5 million, an amount that exceeded their surrender value by over \$294.7 million. Why do consumers choose to sell their life insurance in the secondary market? There are a number of reasons, such as no longer needing or wanting the coverage, no longer being able to afford the premiums, or just wanting to maximize their life insurance investment. We believe that, for consumers 65 years or older and owning life insurance, we provide a unique financial opportunity that is far more valuable than surrendering a policy for a fraction of its market value or allowing it to lapse as worthless.

Market researchers believe that the market opportunity in the life insurance secondary market is significant, with the annual net market potential of \$138 billion in face value of policy benefits in 2015. To seize this opportunity, we have built a robust operational platform to offer consumers options based on the market value of their life insurance that include: (i) selling the entire policy benefit for cash, or (ii) selling a portion of the policy benefit and retaining a portion of the benefit with no future premium obligation. When we purchase a life insurance policy, we expect to continue paying the premiums for that policy until the policy benefit is paid upon the mortality of the insured. We believe we are well positioned to capitalize on the market opportunity to serve consumers in the life insurance secondary market.

The life insurance secondary market provides buyers of life insurance policies with the opportunity to purchase an alternative asset that potentially generates attractive investment returns not correlated to traditional financial markets. When a buyer acquires a life insurance asset in the secondary market, that buyer acquires a financial obligation of an insurance carrier to pay the face value of the insurance policy benefit. The potential yield generated from a portfolio of life insurance assets equals the difference between the purchase price of the life insurance assets, plus the premiums and financing costs to maintain those assets, and the face value of the policy benefits received. As of December 31, 2015, our total investment in our portfolio of life insurance assets, including the purchase price and attendant premiums and financing costs was \$353 million, and the total face value of life insurance policy benefits of our portfolio was \$945 million.

We seek to build a profitable and large portfolio of life insurance assets that are well diversified in terms of insurance companies and insureds. We believe that diversification is a key risk mitigation strategy to provide consistent cash flows and reliable investment returns from our portfolio of life insurance assets. To grow our portfolio and achieve the diversification we seek, we offer investors the opportunity to participate in the yield potentially generated by our portfolio of life insurance assets through a variety of financings and securities offerings. We chose to finance our business in this manner after the 2008 credit crisis, during which banks largely ceased financing alternative asset classes as a result of the regulatory response to the financial crisis. We believe we are well positioned to continue providing investors with yield participation opportunities from alternative asset classes once dominated by the banking sector.

Our business was originally organized in February 2006, and we added our current parent holding company, GWG Holdings Inc., in March 2008. In September 2014, we consummated an initial public offering of our common stock on The Nasdaq Capital Market, where our stock trades under the ticker symbol “GWGH.”

In February 2016, we launched a new operating division in the merchant cash industry through a subsidiary entity, GWG MCA Capital, Inc. (“GWG MCA”). GWG MCA provides secured loans to merchant cash advance funders, and also provides merchant cash advances directly to small businesses across the United States. To begin this operating division, we acquired a \$4.3 million portfolio of loans and advances from a subsidiary of Walker

Preston Capital. As part of the transaction, we retained the services of Patrick F. Preece as the President and Chief Executive Officer of GWG MCA. Mr. Preece had been the Chief Executive Officer of Walker Preston Capital prior to our acquisition of its loan portfolio and, prior to his work with Walker Preston Capital, Mr. Preece was head of asset securitization for Autobahn Funding, a \$6 billion commercial paper conduit for DZ Bank that specialized in financing alternative classes. To finance our GWG MCA portfolio, we intend to offer investors the opportunity to participate in the yield potentially generated by these alternative assets through a variety of securities offerings.

GWG Holdings, Inc. (GWG Holdings) conducts its life insurance related business through a wholly-owned subsidiary, GWG Life, LLC (GWG Life), and GWG Life's wholly-owned subsidiaries, GWG Trust (Trust), GWG DLP Funding II, LLC (DLP II) and GWG DLP Funding III, LLC (DLP III). As indicated above, GWG Holdings conducts its merchant cash advance activities through GWG MCA. All of these entities are legally organized in Delaware. Unless the context otherwise requires or we specifically so indicate, all references in this prospectus to "we", "us", "our", "our Company", "GWG", or the "Company" refer to these entities collectively. Our headquarters are based in Minneapolis, Minnesota.

Markets

Consumers Owning Life Insurance

The potential secondary market for life insurance is large. According to the American Council of Life Insurers Fact Book 2015 (ACLI), individuals owned over \$11.0 trillion in face value of life insurance policy benefits in the United States in 2014. This figure includes all types of policies, including term and permanent insurance known as whole life and universal life. The ACLI reports that the lapse and surrender rate of 5.3% for individual life insurance policies, amounting to over \$602 billion in face value of policy benefits lapsed and surrendered in 2014 alone. These figures do not include group-owned life insurance, such as employer-provided life insurance, the market for which totaled over \$8.2 trillion of face value of life insurance policy benefits in the United States in 2014. Group-owned life insurance exhibits similar lapse and surrender rates to consumer owned life insurance according to the ACLI. Owners of life insurance lapse or surrender their policies for a variety of reasons, including: (i) the insurance coverage is no longer needed; (ii) the internal cash value of the policy is substantially less than was projected due to unrealistic assumptions made about the insurance policy's earnings when the policy was originally purchased; (iii) the insurance premiums are no longer affordable for the policy owner for a variety of reasons; or (iv) there is a desire to maximize the insurance policy's investment value in the secondary market.

The life insurance secondary market has developed in response to the large volume of policy lapses and surrenders and inadequate value offered to consumers by the insurance carriers. According to research conducted by a leading actuarial firm, it is estimated that 88% of all universal life insurance policies do not result in the payment of a benefit claim. Rather than allowing a policy to lapse as worthless, or surrendering a life insurance policy at a fraction of its market value, the secondary market can be a source of significant value to consumers. Without the secondary market, insurance carriers maintain monopsony power over consumers who no longer desire to pay the premiums for their life insurance coverage. To illustrate the significance of this value, since our inception we have paid consumers \$315.5 million for their life insurance policies as compared to the \$20.8 million of cash surrender value offered by insurance carriers for these same policies. The development of a vibrant life insurance secondary market provides consumers with greater flexibility and options for the life insurance assets they own and maintain.

The life insurance secondary market is geared towards consumers, 65 years and older, who own life insurance and are addressing their post-retirement financial options. These consumers represent the fastest growing demographic segment in the United States according to the U.S. Census Bureau. And as these consumers age, they and their families will be faced with a variety of financial needs that can benefit from the value-added options our market offers.

Research by Conning Research & Consulting (Conning) reports that the annual net market potential for life insurance policy benefits sold in the secondary market exceeds \$138 billion in 2015. Of that market potential, Conning estimates that investors purchased approximately \$1.7 billion in face value of life insurance assets in 2014, indicating that the market is dramatically underserved. And with an aging demographic in the United States, Conning expects the net market potential to grow to an annual \$166 billion in face value of life insurance benefits by 2024. We share the belief that the life insurance secondary market represents a both a dramatically underserved market and significant long-term growth opportunity. We further believe that GWG is well organized and positioned to address the market need.

Investors Seeking Alternative Assets

Since the credit crisis of 2008, the flow of capital to a variety of alternative asset classes has undergone a structural shift. Alternative assets, broadly defined, are any non-traditional asset with potential economic value that would not be found in a standard investment portfolio. An asset is generally considered “alternative” if it has some or all of the following characteristics: a limited investment history, not commonly found in portfolios, an illiquid market, different performance characteristics, and requires specialized skill to originate and service the asset. Definitions of traditional assets today extend well beyond stocks and bonds, and can include a variety of assets which may have been better classified as “alternative” a decade ago, i.e., real estate, commodities or natural resources. Thus what is an alternative asset today may largely be considered tomorrow’s mainstream investment asset.

Once dominated by banks, alternative asset markets are in many cases no longer viable for banks to finance due to vast new regulation effected since the crisis, regulation that has in effect reshaped the way in which banks participate in many parts of the economy. At the same time, an increasing number of investors are now turning to alternative asset classes as a means to diversify their investment portfolio to manage risk and volatility, and to obtain greater returns in the low interest rate environment that has persisted since 2008. In fact, according to research published by Goldman Sachs, a significant shift by retail investors in their investments from an average of 4% allocation in alternative asset investments to the 20% allocation favored by institutional investors is expected over the next five to ten years.

The trend of investors seeking access and exposure to alternative investment products is expected to continue as traditional bank sources of capital for these assets continues to retreat and alternative investment product offering innovations occur within the regulated securities markets. Researchers at McKinsey report that U.S. individual investors are expected to be a primary driver of growth in alternative asset investments. McKinsey reports that high net-worth individuals and the mass affluent are increasingly looking to hedge downside risk, protect principal, manage volatility, and generate income — the same reasons institutional investors have favored larger allocations to alternative asset investment classes.

Our Business Model

Our business model is to earn a net profit between the yield generated by the alternative assets we own and the costs we incur to originate and finance the assets. We believe that we are uniquely positioned to acquire life insurance assets directly from consumers needing our services, and to finance our portfolio’s growth by providing investors with the opportunity to participate in the yield we generate from our assets. At the same time, we seek to fill the vacuum created by the widespread disappearance of bank-driven finance in a variety of other alternative asset classes.

To participate and compete in these growing markets, we have spent and intend to continue spending significant resources: (i) developing a robust operational platform and systems for originating and purchasing life insurance policies and other alternative assets; (ii) creating opportunities for investors to participate in the yield generated by alternative assets we own; (iii) recruiting and developing a professional management team; and (iv) establishing strategic relationships for delivering the services we provide.

Originating Life Insurance Assets

We generally purchase life insurance assets directly from policy owners who purchased their life insurance in the primary market. Historically, we have purchased life insurance policies in the secondary market through a network of specialized brokers who assist consumers and financial professionals in accessing the secondary market. We maintain membership affiliations and representation within key industry groups, such as the Life Insurance Settlement Association, where our President, Michael Freedman, serves on the board. We typically attend and sponsor trade events where we maintain contacts and visibility among professionals who submit life insurance policies for our potential purchase.

1 Goldman Sachs, Retail Liquid Alternatives: The Next Frontier (2013).

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A key strategic initiative of ours has been to expand our origination capabilities by marketing directly to consumers and financial professionals. Most recently, we focused these marketing efforts towards financial professionals, namely financial advisors and life insurance agents, through our “Appointed Agent Program.” Our Appointed Agent Program is designed to empower financial professionals to bring the life insurance secondary market’s value proposition to their respective markets. Our Appointed Agent Program emphasizes education, training, regulatory compliance, and marketing support. In the fourth quarter of 2015, we deployed a new marketing effort focused on recruiting life insurance professionals to source life insurance policies directly to us through our Appointed Agent Program. Additionally, we continue to train financial advisors who sell our investment products to become Appointed Agents and market our services within their respective markets. While these efforts are new and still in development, the initial results and early outcomes from our Appointed Agent Program marketing efforts are encouraging and, as a result, we intend to further focus and allocate resources to grow and develop that program.

Underwriting and Purchasing Life Insurance Assets

We focus on purchasing high quality life insurance assets through our origination practices and underwriting procedures. Our origination practices and underwriting procedures strive to meet published guidelines and methodologies for rated securitizations of life insurance portfolios. At the same time, we are looking for innovative value-added tools, services, and methodologies to improve both the accuracy and efficiency with which we acquire life insurance assets.

Our underwriting procedures consist of a careful review and analysis of available materials and information related to a life insurance policy and the insured. The goal of our underwriting procedures is to make an informed purchasing decision. We typically purchase life insurance policies from insureds who are 65 years or older and whose life expectancies are less than 120 months (10 years). The life expectancies we use are estimates, stated in months, which indicate the 50% probability of an individual’s mortality (meaning actuarial analysis predicts half of the individuals with similar age, sex, and medical conditions will experience mortality before that number of months, and half will experience mortality after that number of months). Life expectancies are based on actuarial tables that predict statistical probability of individual mortality.

We obtain life expectancies from independent third-party medical-actuarial underwriting firms, unless the life insurance policy benefit has a face value of \$1,000,000 or less (which we generally refer to as a “small face policy”). When we obtain life expectancies from independent third-party medical-actuarial firms, we receive a medical underwriter’s report summarizing the health of the insured based on a review of the insured’s historical medical records. For all life insurance policies we purchase, other than small face policies, we average two life expectancies from two independent medical-actuarial underwriting firms to form the life expectancy we use to price and value our life insurance assets. In some cases, we may obtain more than two life expectancy estimates. In those cases, we average the two life expectancy estimates that we believe are the most reliable of those we have received, based on our own analyses and conclusions. In this regard, the two life expectancy estimates we ultimately choose to average may not always be the most conservative. For small face policies, we use modified procedures to estimate a life expectancy that may, or may not, use life expectancies from independent third-party medical-actuarial underwriting firms. If in the future we believe our business model will benefit from changes in our underwriting process and if such revisions are permitted under our borrowing covenants, we may change our underwriting processes and policies.

We continually seek to improve the process by which we originate our life insurance assets. To this end, we have refined our underwriting procedures in order to more efficiently price small face policies. In 2015, we have reached several milestones, most notably, the time in which it takes to complete a preliminary underwriting. Historically, the preliminary underwriting process to evaluate and price a life insurance policy could take six weeks or more. This lengthy timeline, as well as additional timelines necessary for a complicated closing process, creates barriers for market development and growth. Through our efforts, however, we have been able to reduce the elapsed time to complete a preliminary underwriting from weeks to days and streamline our entire purchasing process, reducing timelines further, from months to weeks.

Finally, we continue to refine and improve our actuarial underwriting. We believe we can continue to improve our service offerings by adopting a multivariate analysis approach to our life expectancy underwriting — in particular for small face policies. Multivariate analysis refers to a technique used to analyze data that arises from more than one variable. The goal of our multivariate underwriting is to augment traditional life expectancy underwriting by either filling gaps, or including new information, shown to be relevant to life expectancy. An example of this approach would be to account for socio-economic factors, such as income levels, in the calculation of life expectancies, which as The Brookings Institute has recently published, has a bearing upon life expectancies. Another example of this approach would be to apply advanced medical testing technologies to our life expectancy calculations, such as genomic testing, that have shown to statistically predict mortality among individuals. These efforts are ongoing and take time to develop and implement. Nevertheless, over time, we believe they hold promise to improve the value of the services we offer.

Value Proposition — Life Insurance as an Alternative Asset

We realize profits from the life insurance assets we own by earning a spread between the investment cost of our life insurance assets and the face value of the policy benefits we receive. Accordingly, if we originate and purchase life insurance assets in the secondary market, and make all the attendant premium payments to maintain those assets in order to receive the policy benefits, the most significant risk factors (among others that we discuss in the “Risk Factors” section of this prospectus) in the performance of those assets are: (i) the predictability of mortality, or longevity risk; and (ii) the creditworthiness of the issuing life insurance company, or credit risk. We believe the value proposition of our investments in the alternative asset of life insurance is our ability to obtain superior risk-adjusted returns.

Longevity Risk. We believe actuarial mortality is the single largest variable affecting the returns on our investments in life insurance assets and impacting the portfolio’s performance over time. Accurately predicting a specific individual’s mortality date is impossible, and the best an actuary can do is provide a set of probabilities of survival over time. Nevertheless, predicting mortality among a group of similarly situated individuals is less difficult — in fact, the larger the group, the more accurate actuarial prediction tends to become. The statistical mathematical concept stating that the results of random events tend to become very predictable as the number of events becomes large is the “Central Limit Theorem” (or more commonly known as the “Law of Large Numbers”). “Mean regression” is another statistical mathematical concept used to describe that, on average, observations (in this case actual mortality of insureds) tend to cluster around the mean observation (in this case our estimate of mortality of insureds as described further under “Value Proposition” below). These statistical mathematical concepts are the basis for many business models, ranging from all types of insurance to the lottery. Insurance carriers, for example, can be very certain of the number of insurance claims to expect when they have spread their risk over a large book of diversified policies. In this way, insurance carriers can price a large number of insurance policies of any type to collect premiums slightly above the level of expected claims, virtually guaranteeing a surplus or profit. Similarly, a lottery can depend on an expected amount of earnings equal to the small advantage built into the odds of the games.

The implications for our business model are two-fold: First, as we accumulate larger numbers of life insurance policies, we should expect our results to increasingly correlate with our expectations. Second, over the long run, we should expect that the actual cash flows will converge with the forecasted cash flows from our portfolio of life insurance assets, and the actual return on our portfolio of life insurance assets will converge with our expected return. In sum, the degree of certainty of this eventual convergence should increase as the portfolio size increases. Although medical advances and life expectancy changes may significantly impact the longevity risk we face and our understanding of that risk, these concepts nevertheless serve as guiding principles as we seek to build, manage, and forecast the performance of our portfolio of life insurance assets.

These expectations are affirmed in research published by A.M. Best and others, that illustrate that as the number of insured lives increase within a portfolio of life insurance policies, there is a corresponding decrease in the standard deviation of the mortality events within the portfolio — i.e., longevity risk decreases as the number of insureds increases. Standard & Poor’s indicates that 1,000 insured lives is required to reach statistical significance (where the

relationship, in this context, between mortality projections and actual mortality events is not random). A.M. Best concludes that a portfolio of at least 300 insured lives is statistically significant. Our current portfolio covers 358 insured lives and we believe that both the predictability and actual performance will continue to improve with additional size and diversification. Accordingly, we continue to seek to grow the size and diversification of the portfolio in order to further mitigate risk and improve our profitability.

Credit Risk. We rely on the payment of policy benefit claims by life insurance companies as our most significant source of revenue collection. The life insurance assets we own represent obligations of third-party life insurance companies to pay the benefit amount under the relevant policy upon the mortality of the insured. As a result, we manage this credit risk exposure by generally purchasing policies issued by insurance companies with investment-grade ratings from Standard & Poor's, and diversifying our portfolio among a number of insurance companies.

Approximately 97.3% of life insurance assets in our portfolio were issued by insurance companies with investment-grade credit ratings from Standard & Poor's, as of December 31, 2015. Our largest life insurance company credit exposures and their respective Standard & Poor's credit rating of their respective financial strength and claims paying ability is set forth below:

Rank	Policy Benefits	Percentage of Policy Benefit Amount	Insurance Company	Ins. Co. S&P Rating
1	\$ 132,325,000	14.0 %	AXA Equitable Life Insurance Company	A+
2	\$ 120,305,000	12.7 %	John Hancock Life Insurance Company (U.S.A.)	AA-
3	\$ 86,070,000	9.1 %	Transamerica Life Insurance Company	AA-
4	\$ 62,475,000	6.6 %	Voya Retirement Insurance and Annuity Company	A
5	\$ 60,569,000	6.4 %	Jefferson-Pilot Life Insurance Company	AA-
6	\$ 46,825,000	5.0 %	American General Life Insurance Company	A+
7	\$ 44,846,000	4.7 %	Metropolitan Life Insurance Company	AA-
8	\$ 43,750,000	4.6 %	Massachusetts Mutual Life Insurance Company	AA+
9	\$ 42,407,000	4.5 %	Lincoln National Life Insurance Company	AA-
10	\$ 36,500,000	3.9 %	West Coast Life Insurance Company	AA-
	676,072,000	71.5 %		

The yield to maturity on bonds issued by life insurance carriers reflects, among other things, the credit risk (risk of default) of such insurance carrier. We follow the yields on certain publicly traded life insurance company bonds as this information is part of the data we consider when valuing our portfolio of life insurance policies for our financial statements according to GAAP.

Name of Bond	Maturity	YTM	Duration (Years)	Bond S&P Rating
AXA 7.125%	12/15/2020	3.29 %	5.0	BBB
Manulife Finl 4.9%	9/17/2020	2.54 %	4.7	A
Lincoln National Corp Ind 4%	9/1/2023	3.44 %	7.7	A-
Amer Intl Grp 5%	4/26/2023	3.23 %	7.3	A-
Protective Life 7.375%	10/15/2019	2.85 %	3.8	A-
Metlife 3.048%	12/15/2022	2.94 %	7.0	A-
Prudential Finl Inc Mtns Book 4.5%	11/16/2021	2.86 %	5.9	A
Average yield on insurance bonds		3.02 %	5.9	

The table above indicates the current yields to maturity (YTM) for the senior bonds of selected life insurance carriers with durations, on average, that our similar to our life insurance portfolio. The average yield to maturity of these bonds was 3.02% which, we believe, reflects in part the financial market's judgement that credit risk is low with regard to these carriers' financial obligations. It should be noted that the obligations of life insurance carriers to pay life insurance policy benefits is senior in rank to any other obligation. This "super senior" priority is not reflected in the yield to maturity in the table and, if considered, would result in a lower yield to maturity all else being equal. As such, as long as the respective premium payments have been made, it is highly likely that the owner of the insurance policy will collect the insurance policy benefit upon the mortality of the insured.

Value Proposition. We define the value proposition presented by our portfolio of life insurance assets as our ability to earn superior risk-adjusted returns. At any given point in time, we calculate our returns from our life insurance assets based upon (i) our historical results; and (ii) the future cash flows we expect to realize from our statistical forecasts. To forecast our expected future cash flows we use the probabilistic method of analysis. The actuarial software we use produce our expected future cash flows and conduct to our probabilistic analysis was developed by

the actuarial firm Milliman and is now owned by Modeling Actuarial Pricing Systems, Inc. (“MAPS”). The expected future cash flow forecasts derived from this probabilistic analysis, in relation to our investment cost basis, provides us with an expected internal rate of return on our portfolio of life insurance assets. As of December 31, 2015, the expected internal rate of return on our portfolio of life insurance assets was 11.11%.

We seek to further enhance our understanding of our expected future cash flow forecast by applying a stochastic analysis, sometimes referred to as a “Monte Carlo simulation,” to provide us with a greater understanding of the variability of our future cash flow projections. The stochastic analysis we perform is built within the MAPS actuarial software and provides internal rate of return calculations for different statistical confidence intervals. The results of our stochastic analysis, in which we run 10,000 random mortality scenarios, demonstrates that the scenario ranking at the 50th percentile of all 10,000 results generates an internal rate of return of 11.08% which is basically equal to our expected internal rate of return of 11.11%. The stochastic analysis results also reveal that our portfolio is expected to generate an internal rate of return of 10.33% or better in 75% of all generated scenarios; and an internal rate of return of 9.70% or better in 90% of all generated scenarios. As the portfolio continues to grow, all else equal, the percentage of observations that result in an internal rate of return at or very near 11.08% (currently our mean, or 50th percentile, internal rate of return expectation) will increase, thereby lowering future cash flow volatility and potentially justifying our use of lower discount rates to value our portfolio.

In sum, we believe our statistical analyses show that, if we can continue to grow and maintain our investments in life insurance assets, then, in the absence of significantly disruptive events negatively affecting our most significant risks, including but not limited to longevity and credit risk, and interest rate and financing risk, those investments will prove to be dependably profitable for our company and provide us with the means to generate attractive returns for our investors.

Portfolio Information

Our portfolio of life insurance policies, owned by our wholly-owned subsidiaries as of December 31, 2015, is summarized below:

Total portfolio face value of policy benefits	\$ 944,844,000	
Average face value per policy	\$ 2,386,000	
Average face value per insured life	\$ 2,639,000	
Average age of insured (yrs.)	82.6	
Average life expectancy estimate (yrs.)	6.6	
Total number of policies	396	
Number of unique lives	358	
	70% Males; 30%	
Demographics	Females	
Number of smokers	10	
Largest policy as % of total portfolio	1.06	%
Average policy as % of total portfolio	0.25	%
Average annual premium as % of face value	3.41	%

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Our portfolio of life insurance policies, owned by our wholly-owned subsidiaries as of December 31, 2015, organized by the insured's current age and the associated policy benefits, is summarized below:

Distribution of Policy Benefits by Current Age of Insured

Min Age	Max Age	Policy Benefits	Weighted Average Life Expectancy (yrs.)	Percentage of Total Policy Benefits
90	95	\$ 72,020,000	2.7	7.6 %
85	89	\$ 251,692,000	4.9	26.6 %
80	84	\$ 352,176,000	6.7	37.3 %
75	79	\$ 179,876,000	8.8	19.0 %
70	74	\$ 57,407,000	9.5	6.1 %
65	69	\$ 31,673,000	10.5	3.4 %
Total		\$ 944,844,000	6.6	100.0 %

Our portfolio of life insurance policies, owned by our wholly-owned subsidiaries as of December 31, 2015, organized by the insured's current age and number of policies owned, is summarized below:

Distribution of Policies by Current Age of Insured

Min Age	Max Age	Policies	Weighted Average Life Expectancy (yrs.)	Percentage of Total Policies
90	95	30	2.7	7.6 %
85	89	113	4.9	28.5 %
80	84	127	6.7	32.1 %
75	79	69	8.8	17.4 %
70	74	35	9.5	8.8 %
65	69	22	10.5	5.6 %
Total		396	6.6	100.0 %

Our portfolio of life insurance policies, owned by our wholly-owned subsidiaries as of December 31, 2015, organized by the insured's estimated life expectancy estimates and associated policy benefits, is summarized below:

Distribution of Policies by Current Life Expectancies of Insured

Min LE (Months)	Max LE (Months)	Policies	Policy Benefits	Percentage of Total Policy Benefits
5	47	93	\$ 180,813,000	19.1 %
48	71	108	258,697,000	27.4 %
72	95	84	223,506,000	23.7 %
96	119	68	166,295,000	17.6 %
120	143	27	66,015,000	7.0 %
144	197	16	49,518,000	5.2 %
Total		396	\$ 944,844,000	100.0 %

We track concentrations of pre-existing medical conditions among insured individuals within our portfolio based on information contained in life expectancy reports. We track these medical conditions within the following ten primary disease categories: (1) cancer, (2) cardiovascular, (3) cerebrovascular, (4) dementia, (5) diabetes, (6) multiple, (7) neurological disorders, (8) no disease, (9) other, and (10) respiratory diseases. Our primary disease categories are summary generalizations based on the ICD-9 codes we track on each insured individuals within our portfolio. ICD-9 codes, published by the World Health Organization, are used worldwide for medical diagnoses and treatment systems, as well as morbidity and mortality statistics. Currently, the only primary disease category within our portfolio that

represents a concentration of over 10% is cardiovascular, which constitutes 20.8% of the value of our portfolio.

The complete detail of our portfolio of life insurance policies, owned by our wholly owned subsidiaries as of December 31, 2015, organized by the current age of the insured and the associated policy benefits, sex, estimated life expectancy, issuing insurance carrier, and the credit rating of the issuing insurance carrier, is set forth below.

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Life Insurance Portfolio Detail

(as of December 31, 2015)

Face Amount	Gender	Age (ALB)
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