

GWG Holdings, Inc.
Form S-1/A
June 12, 2015

As filed with the Securities and Exchange Commission on June 12, 2015

Registration Nos. 333-203879 and 333-203879-01

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 2

FORM S-1

REGISTRATION STATEMENT

Under the Securities Act of 1933

GWG HOLDINGS, INC.

GWG LIFE, LLC

(Exact name of Registrant as specified in its charter)

Delaware

26-2222607

Delaware

20-4356955

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

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

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and telephone number, including
area code, of agent for service)

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. "

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 Minimum Denominations	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
L Bonds	20,000,000	\$ 1,000 (1)	\$ 20,000,000	\$ 2,324.00 (2)

(1) The L Bonds will be issued in minimum of denominations of \$1,000 in principal amount and \$1,000 increments in excess of such minimum amount.

(2) Registration fee has been earlier 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 JUNE 12, 2015

GWG HOLDINGS, INC.

\$20,000,000 of L Bonds

7.50%

Three-Year Maturity

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 up to \$20,000,000 in principal amount of L Bonds (the "L Bonds") in minimum denominations of \$1,000. In contrast to our separate publicly registered continuous offering of L Bonds, our offers of L Bonds in this offering will be primarily targeted to institutional investors and sales will be consummated solely by means of DTC (Depository Trust Company) settlement through participating broker-dealers. There is no minimum amount of L Bonds that must be sold before we can close this offering and use any proceeds. We will use the net proceeds from this offering of L Bonds primarily to purchase and finance additional life insurance assets, and to service and retire other outstanding debt obligations. Upon maturity, and subject to the terms and conditions described in this prospectus, the L Bonds will be automatically renewed for the same term, at the interest rate we are offering at that time to other investors in L Bonds of the same maturity, unless redeemed upon maturity at our or your election. We have agreed to sell the L Bonds offered hereby to the public through the underwriters, and the underwriters have agreed to offer and sell the L Bonds, on a best efforts basis. The underwriters are not required to sell any specific number or dollar amount of the L Bonds offered hereby, but will use their best efforts to sell such L Bonds.

The L Bonds are secured by the assets of GWG Holdings, Inc. and a pledge of all of the common stock held by our largest individual stockholders. Importantly, GWG Holdings' most significant assets are cash and its investment in subsidiaries. Obligations under the L Bonds are guaranteed by our subsidiary GWG Life, LLC, which guarantee involves the grant of a security interest in all of the assets of such subsidiary. The majority of our life insurance assets are held in our subsidiaries GWG DLP Funding II LLC and GWG DLP Funding III LLC, which are direct subsidiaries of GWG Life. The life insurance assets held by GWG DLP Funding II and GWG DLP Funding III are not collateral for obligations under the L Bonds although the guarantee and collateral provided by GWG Life includes its ownership interest in those entities. These facts present the risk to investors that the collateral security we and our subsidiary have granted for our obligations under the L Bonds may be insufficient to repay the L Bonds upon an event of default. The security offered for the L Bonds will provide rights as to collateral that are pari passu with the holders of certain other secured debt previously issued by GWG Life and GWG Holdings, as well as the holders of other L Bonds. This generally means that claims for payment and entitlement to security among the holders of L Bonds and such other secured debt previously issued by GWG Life and GWG Holdings will be treated equally and without preference.

We may call and redeem the entire outstanding principal and accrued but unpaid interest on any or all of the L Bonds at any time without penalty or premium. L Bond holders will have no right to put (that is, require us to redeem) any L Bond prior to the due date unless in the case of death, bankruptcy or total disability. In the event we agree to redeem L

Bond upon the request of an L Bond holder—other than after death, bankruptcy or total disability of such holder—we may impose a redemption fee of 6% against the outstanding principal balance of the redeemed L Bond. This redemption fee will be subtracted from the amount paid.

We do not intend to list our L Bonds on any securities exchange during the offering period, and we do not expect a secondary market in the L Bonds to develop. As a result, you should not expect to be able to resell your L Bonds regardless of how we perform. Accordingly, an investment in our L Bonds is not suitable for investors that require liquidity in advance of their L Bond's maturity date.

We maintain a senior borrowing arrangement that subordinates the right to payment on, and shared collateral securing, the L Bonds to our senior secured lender. From time to time we may add or replace senior lenders and the particular arrangements under which we borrow from them. In addition, these borrowing arrangements with senior lenders restrict, and are expected to continue to restrict, our cash flows and, subject to certain exceptions, distributions from our operating subsidiaries. These provisions will restrict cash flows available for our payment of principal and interest on the L Bonds.

We are an “emerging growth company” under applicable law and are subject to reduced public company reporting requirements. Please read the disclosures on page 7 of this prospectus for more information. Investing in our L Bonds involves a high degree of risk, including the risk of losing your entire investment. See “Risk Factors” beginning on page 14 to read about the risks you should consider before buying our L Bonds. You should carefully consider the risk factors set forth in this prospectus. The L Bonds are only suitable for persons with substantial financial resources and with no need for liquidity in this investment.

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. We expect that delivery of the L Bonds will be made in book-entry form on or about _____, 2015.

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.

Halen Capital Management, Inc.

Axiom Capital Management, Inc.

The date of this prospectus is _____, 2015

Offering	Price to Investors	Aggregate Commissions, Fees, and Expense Allowances ⁽¹⁾⁽²⁾	Net Proceeds to Company
	\$ 20,000,000	\$ 1,550,000	\$ 18,050,000 ⁽³⁾

(1) The aggregate amount based on the offering \$20,000,000 in principal amount of L Bonds includes a 6.5% sales commission and an estimated reimbursement amount of \$250,000 for the underwriters' accountable expenses, including reasonable legal fees. Nevertheless, the total amount of selling commissions and additional compensation (consisting of accountable expenses) paid will not exceed 6.5% of the aggregate gross offering proceeds we receive from the sale of the L Bonds, plus up to 1.25% of the gross offering proceeds for underwriter accountable expenses, which includes the \$25,000 structuring fee that we have paid to the underwriters, not to exceed \$250,000. Accordingly, and assuming our sale of all \$20,000,000 in principal amount of L Bonds offered hereby, the maximum amount of selling commissions we can pay is 6.50% of the gross offering proceeds we receive from the sale of the L Bonds (or \$1,300,000), and the maximum amount of underwriters' accountable expenses we can pay is \$250,000. See the "Underwriting" section on page 90 for additional information.

(2) Halen Capital Management, Inc. and Axion Capital Management have agreed to offer the L Bonds on a "best efforts" basis.

(3) Net Proceeds to Company are calculated after deducting (i) selling commissions, (ii) additional compensation (consisting of the accountable expenses), and (iii) our own offering expenses. We expect that our own offering expenses, consisting of legal, accounting, printing, mailing, registration, qualification and associated securities offering filing costs and expenses, will aggregate to approximately \$400,000.

We will issue the L Bonds sold in this offering in the form of a global certificate deposited with the Depository Trust Company (DTC). Bank of Utah will act as trustee for the L Bonds. Corporate Stock Transfer, Inc. will act as paying agent for the L Bonds.

TABLE OF CONTENTS

	Page
ABOUT THIS PROSPECTUS	1
INDUSTRY AND MARKET DATA	1
PROSPECTUS SUMMARY	3
RISK RELATING TO FORWARD-LOOKING STATEMENTS	13
RISK FACTORS	14
USE OF PROCEEDS	27
CAPITALIZATION	29
SELECTED FINANCIAL INFORMATION	30
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION	31
BUSINESS	46
MANAGEMENT AND DIRECTORS	66
EXECUTIVE COMPENSATION AND RELATED-PARTY TRANSACTION	
DISCLOSURES	72
DIRECTOR COMPENSATION	74
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	75
DESCRIPTION OF THE L BONDS	77
UNDERWRITING	90
MATERIAL FEDERAL INCOME TAX CONSIDERATIONS	92
STATE, LOCAL AND FOREIGN TAXES	96
ERISA CONSIDERATIONS	96
LEGAL MATTERS	98
EXPERTS	98
WHERE YOU CAN FIND MORE INFORMATION	98
FINANCIAL STATEMENTS	F-1

GWG Holdings, Inc.

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ABOUT THIS PROSPECTUS

We have prepared this prospectus as part of a registration statement that we filed with the SEC for our offering of L Bonds. The registration statement we filed with the SEC includes exhibits that provide more detailed descriptions of the matters discussed in this prospectus. 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.” 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.

You should rely only on the information contained in this prospectus. Neither we nor the underwriters 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 L Bonds. 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.

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 L Bonds. This written communication is not intended to be “written advice,” as defined in Circular 230 published by the U.S. Treasury Department.

The L Bonds will be issued under an indenture, as amended or supplemented from time to time (referred to herein collectively as the “indenture”). This prospectus is qualified in its entirety by the terms of that indenture filed with SEC as an exhibit to the registration statement of which this prospectus is a part. All material terms of the indenture are summarized in this prospectus. You may obtain a copy of the indenture upon written request to us or online at www.sec.gov.

The indenture trustee did not participate in the preparation of this prospectus and makes no representations concerning the L Bonds, the collateral, or any other matter stated in this prospectus. The indenture trustee has no duty or obligation to pay the L Bonds from their funds, assets or capital or to make inquiry regarding, or investigate the use of, amounts disbursed from any account.

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.

COVERED SECURITY

Our L Bonds are 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 L Bonds are a covered security because they will be senior to our common stock, which is listed on The Nasdaq Capital Market.

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,” before making a decision to invest in our L Bonds. Unless otherwise noted or unless the context otherwise requires, the terms “we,” “us,” “our,” the “Company” and “GWG” refers 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 leader in the life settlement market. A life settlement is the sale of an existing life insurance policy to a third party, such as us, for more than its cash surrender value but less than the face value of the policy benefit. There are a number of reasons that a policy owner may choose to sell his or her life insurance policy. We target our life settlement offerings toward consumers, 65 years and older, owning life insurance and who can benefit from realizing the actuarial value of their life insurance policy. Consumers, 65 years and older, represent the fastest growing demographic segment in the United States according to the U.S. Census Bureau. These consumers, and their families, are faced with a variety of challenges as they seek to address post-retirement financial needs. We believe that for older consumers owning life insurance, our life settlement services provide a unique and valuable financial solution for their post-retirement financial needs. In sum, we believe the value proposition of our services to the consumers we serve is very high, as we have found that we typically offer a multiple of the cash surrender value offered by the insurance carrier.

To address this growing need, we recently have expanded our services by offering consumers a range of options to access the actuarial value of their life insurance, including (i) purchasing all of their life insurance policy for cash, (ii) purchasing a portion of their life insurance policy for cash and allowing them to retain a portion of their policy benefit with no future premium obligation, (iii) allowing for the conversion of their life insurance policy towards payments for long term care, and (iv) allowing the consumer to gift a portion of their life insurance to family or a charity with no future premium obligation. All of our services involve our purchase or financing of life insurance assets from consumers in the secondary market at a discount to the face value of the policy benefit we obtain. In cases where we purchase a life insurance policy, we continue paying the policy premiums until maturity in order to collect the policy benefit upon the insured’s mortality. In this way, we hope to profit from the difference between our cost of obtaining and financing a life insurance asset, and the face value of the policy benefit we receive upon the mortality of the insured.

In addition to our goal of providing consumers with value-added services based upon the actuarial value of their life insurance policies, we seek to build a profitable and large portfolio of life insurance assets that are well diversified in terms of insurance carriers, mortality profiles and the medical conditions of insureds. We believe that successfully diversifying our assets will lower our overall risk exposure and provide our portfolio of life insurance assets with greater actuarial stability and more reliable returns. To obtain the growth and diversification we seek, we have raised capital through a variety of financing efforts that have included the public offering of our common stock, private and public offerings of structured debt securities, private offerings of preferred stock, and a senior secured revolving credit facility. This offering of L Bonds is a further extension of that strategy, and presents investors with an opportunity to participate in our business and the secondary market for life insurance. We believe that this investment opportunity is unique and attractive in that potential investment returns from life insurance assets are not correlated to general economic or financial market conditions.

The market for the consumers we serve is large. According to the American Council of Life Insurers Fact Book 2014 (ACLI), individuals owned over \$11.4 trillion in face value of life insurance policies in the United States in 2013. This figure includes all types of policies, including term and permanent insurance known as whole life, universal life,

variable life, and variable universal life. The ACLI reports that the lapse and surrender rate of individual life insurance policies for 2013 was 5.7%, amounting to over \$639 billion in face value of policy benefits surrendered in 2013 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 2013, which insurance policies exhibit similar lapse and surrender rates, according to the ACLI. Consumers owning life insurance generally allow policies to lapse or surrender the policies for a variety of reasons, including: (i) the life insurance is

no longer needed; (ii) unrealistic original earnings assumptions made when the policy was purchased; (iii) increasing premium payment obligations as the insured ages; (iv) changes in financial status or outlook which cause the insured to no longer require life insurance; (v) other financial needs that make the insurance unaffordable; or (vi) a desire to maximize the policy's investment value.

The secondary market for life insurance has developed in response to the large volume of policy lapses and surrenders. Rather than allowing a policy to lapse as worthless, or surrendering a life insurance policy at a fraction of its inherent value, the secondary market can be a source of significant value to consumers. The inherent actuarial value of a policy in the life insurance secondary market often exceeds the cash surrender value offered by the insurance carrier. Without the development of the secondary market, insurance carriers would maintain monopsony power over the options offered to consumers who no longer want, need or can afford their life insurance.

Although still relatively new and still emerging, the secondary market for life insurance policies, as reported by Conning Research & Consulting (Conning), grew from \$2 billion in face value of benefits purchased in 2002, to over \$12 billion in face value of benefits purchased in 2008. During and after the 2009 credit crisis, the secondary market for life insurance contracted significantly, evidenced by Conning's report that investors purchased approximately \$2 billion in face value of life insurance benefits in 2012. Nevertheless, Conning reports that consumer demand for continued development of the secondary market remains strong, and there are indications of strengthening interest among investors. Conning maintains that, given the current economic condition and investor sentiment, the secondary market will likely grow, and the market's largest growth will likely come from companies that attract capital to purchase the assets. We believe that socio-economic and demographic trends further support the long-term development and growth of the secondary market for life insurance, and that the secondary market for life insurance represents a significant and expanding market opportunity. In support of this belief, Conning reports that the net market potential for policies sold in the secondary market exceeded \$109 billion in 2012, and is expected to grow to \$151 billion by 2019.

We believe that we are uniquely positioned to capitalize on this opportunity by providing value-added services to the consumers we serve and new investment opportunities for investors, where both participants can profit. To participate and compete in our growing market, we have spent and intend to continue to spend significant resources: (i) developing a robust operational platform and systems for originating and purchasing life insurance policies; (ii) obtaining re