

GWG Holdings, Inc.
Form S-1/A
November 28, 2017

As filed with the Securities and Exchange Commission on November 28, 2017

Registration Nos. 333-220288 and

333-220288-01

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Amendment No. 2 to

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
Delaware

26-2222607
20-4356955

(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)

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(Name, address, including zip code,
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. 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	..	Accelerated filer	..
Non-accelerated filer	..	Smaller reporting company	x
(Do not check if a smaller reporting company)		Emerging growth company	x

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
L Bonds	1,000,000	\$ 1,000 (1)	\$ 1,000,000,000	\$ 115,900 (3)
Guarantee by GWG Life, LLC of L Bonds(2)	N/A	N/A	N/A	N/A

(1) The L Bonds will be issued in “Units” of \$1,000 in principal amount, in minimum amounts of 25 Units (\$25,000 principal amount) and in any number of whole Unit amounts in excess of such minimum amount.

(2) No additional consideration is being received for the guarantee. Pursuant to Rule 457(n) under the Securities Act of 1933, no separate fee is required in respect of such guarantee.

(3) 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 NOVEMBER 28, 2017

GWG HOLDINGS, INC.

1,000,000 Units of L Bonds
(\$1,000,000,000)

Through its subsidiaries, GWG Holdings, Inc. invests in life insurance assets. 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 assets.

We are offering up to 1,000,000 Units of L Bonds (the “L Bonds”) at \$1,000 principal amount per whole Unit, representing \$1,000,000,000 in aggregate principal amount of L Bonds. This is a continuous offering and there is no minimum amount of L Bonds that must be sold before we can use any of the proceeds. The proceeds from the sale of the L Bonds will be paid directly to us following each sale and will not be placed in an escrow account. We will use the net proceeds from the offering of the L Bonds primarily to purchase and finance life insurance assets, and to service and retire other outstanding obligations. The minimum investment in L Bonds is 25 Units, or \$25,000. Investments in excess of the minimum amount may be made in any number of whole Units. The L Bonds will be sold with varying maturity terms, interest rates and frequency of interest payments, all as set forth in this prospectus and in supplements we publish from time to time. Depending on our capital needs and the amount of your investment, L Bonds with certain maturity terms may not always be available. Although we will periodically establish and change interest rates on unsold L Bonds offered under this prospectus, once an L Bond is sold, its interest rate will not change during its term (subject, however, to the extension and renewal provisions of the L Bond). Upon maturity, and subject to the terms and conditions described in this prospectus, the L Bonds will be automatically renewed for the same or lesser term at the interest rate we are offering at that time to other investors with similar aggregate L Bond portfolios for L Bonds of the same maturity, unless redeemed upon maturity at our or your election.

Obligations under the L Bonds are secured by substantially all the assets of GWG Holdings (the most significant components of which are cash and investments in subsidiaries), a pledge of all our common stock held individually by our largest stockholders, and by a guarantee and corresponding grant of a security interest in substantially all the assets of our subsidiary, GWG Life, LLC. As a guarantor, GWG Life has fully and unconditionally guaranteed the payment of principal and interest on the L Bonds. Substantially all of our life insurance assets are held by GWG DLP Funding IV, LLC (DLP IV), which is a wholly owned subsidiary of GWG Life. The policies held by DLP IV are not collateral for the L Bond obligations but serve instead as collateral for our senior credit facility. These facts present the risk to investors that the collateral security that we and GWG Life have granted for our obligations under the L Bonds may be insufficient to repay the L Bonds upon an event of default.

We may call and redeem the entire outstanding principal and accrued but unpaid interest of any or all of the L Bonds at any time, and from time to 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 its due date unless in the case of a holder's death, bankruptcy or total permanent 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 permanent disability of such holder — we will 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 senior borrowing arrangements that subordinate to our senior lenders the right to payment on, and the collateral securing, the L Bonds. In addition, these borrowing arrangements restrict our receipt of distributions from our operating subsidiaries, subject to certain exceptions. These provisions will restrict cash flows available for payment of principal and interest on the L Bonds. From time to time we may add or replace senior lenders and the particular arrangements under which we borrow from them.

We are an “emerging growth company” and a “smaller reporting company” under applicable law and are subject to reduced public company reporting requirements. Please read the disclosures on page 1 of this prospectus for more information. Investing in our L Bonds may be considered speculative and involves a high degree of risk, including the risk of losing your entire investment. See “Risk Factors” beginning on page 12 to read about the risks you should consider before buying our L Bonds. 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, MN 55402, or by phone at (612) 746-1944. This information may also be accessed on our website at www.gwgh.com, and the SEC maintains a website at www.sec.gov that contains this 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.

The date of this prospectus is _____, 2017

The L Bonds will be offered and sold on a best-efforts basis by Emerson Equity LLC, a registered broker-dealer and member of the Financial Industry Regulatory Authority (“FINRA”). Emerson Equity will be our dealer manager for the L Bonds in this offering for purposes of the Securities Act of 1933. Our dealer manager will enter into participating dealer agreements with certain other broker-dealers that are members of FINRA, referred to as “selling group members,” to authorize those broker-dealers to sell our L Bonds. We will pay Emerson Equity a selling commission ranging from 0.75% to 5.00% of the principal amount of L Bonds sold, depending on the L Bonds’ maturity date. We will also pay Emerson Equity additional compensation consisting of those items set forth in footnote (1) to the table below. The dealer manager will share its commissions and additional compensation, other than its dealer manager fee, with selling group members pursuant to the terms of each participating dealer agreement. The total amount of the selling commissions and additional compensation (including reimbursements, non-transaction-based and non-cash compensation) paid to Emerson Equity and any other FINRA member in the course of offering and selling L Bonds will not exceed 8.00% of the aggregate gross offering proceeds we receive from the sale of L Bonds. We also may sell L Bonds at a discount from the public offering price through appropriate and designated distribution channels. See “Plan of Distribution” and “Use of Proceeds” for further information.

	Units	Price to Investor	Aggregate Commissions, Fees, and Expense Allowances(1)(2)	Net Proceeds to Company	
Minimum Investment	25	\$ 25,000	\$ 2,000	\$ 23,000	(3)
Maximum Offering	1,000,000	\$ 1,000,000,000	\$ 80,000,000	\$ 920,000,000	(4)

(1) Assumes an average sales commission of 5.00%. As explained above, actual commissions will vary based on the term of the L Bonds sold. Nevertheless, the total amount of selling commissions and additional compensation (consisting of (i) a dealer-manager fee payable to the dealer manager in an amount equal to 0.50% of the principal amount of all L Bonds sold; (ii) an accountable expense allowance payable to the selling group members as described in the “Plan of Distribution,” which may include due-diligence expenses of the dealer manager and selling group members set forth in a detailed and itemized invoice; (iii) wholesaling fees, which may consist of commissions and non-transaction-based compensation of the wholesalers; (iv) non-cash compensation; and (v) up to a 1.00% allowance to selling group members) will not exceed 8.00% of the aggregate gross offering proceeds we receive from the sale of L Bonds. Accordingly, and assuming the sale of all \$1,000,000,000 in principal amount of bonds offered hereby, the maximum amount of selling commissions we can pay is 5.00% of the gross offering proceeds we receive from the sale of the L Bonds (or \$50,000,000), and the maximum amount of additional compensation we can pay will not exceed 3.00% of the aggregate gross offering proceeds we receive from the sale of the L Bonds (or \$30,000,000). See “Plan of Distribution” for further information.

(2) Emerson Equity has agreed to offer the L Bonds on a “best efforts” basis.

(3) Net Proceeds to Company based on the Minimum Investment are calculated after deducting (i) selling commissions and (ii) additional compensation (consisting of the dealer-manager fee, a wholesaling fee, an accountable expense allowance and non-transaction-based and non-cash selling compensation). We expect that our own offering expenses, consisting of legal, accounting, printing, mailing, registration, qualification and associated securities offering filing costs and expenses, will through the course of the offering aggregate to approximately \$1,200,000, but for purposes of illustrating the Net Proceeds to Company based on the Minimum Investment, those offering expenses of \$1,200,000 are not reflected.

(4) Net Proceeds to Company based on the Maximum Offering of 1,000,000 L Bond Units (representing \$1,000,000,000 in aggregate principal amount) are calculated as described in footnote (3) above, but also before deducting our estimated offering-related expenses of \$1,200,000.

L Bonds will be sold as “Units,” with each whole Unit representing \$1,000 in principal amount of L Bonds. Throughout this prospectus, we refer to L Bond Units simply as “L Bonds.” We will issue the L Bonds in book-entry form, certificated form, or in the form of a global certificate deposited with a depository. Depending on the manner in which you purchase L Bonds, you may not receive a physical certificate representing your L Bonds. In all cases, however, we will deliver written confirmation to purchasers of L Bonds. Bank of Utah will act as trustee for the L Bonds.

The current interest rates for the L Bonds based on their applicable maturity is set forth in the table below.

Maturity Term	Interest Rate (%)
2 years	5.50
3 years	6.25
5 years	7.50
7 years	8.50

We may change the interest rates applicable to unsold L Bonds from time to time during this offering, in which case the applicable interest rates will be set forth in a supplement to this prospectus. Once an L Bond is sold, the interest rate will not change during its term (subject, however, to the extension and renewal provisions contained in that L Bond).

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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 continuous 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 and certain information that is incorporated by reference. You should read this prospectus, the related exhibits filed with the SEC, and any prospectus supplement(s), together with additional information described below under “Where You Can Find More Information,” and the documents that are incorporated, or deemed to be incorporated, by reference into this prospectus. Any statement that we make in this prospectus will be modified or superseded by any inconsistent statement made by us in a subsequent prospectus supplement (or other disclosure incorporated into this prospectus by reference). 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 full and complete information concerning those documents. All documents relating to this offering, if readily available to us, will be made available to a prospective investor or its representatives upon request.

The L Bonds will be issued under an amended and restated indenture, as may be amended or supplemented from time to time (referred to herein 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.

You should rely only on the information contained in this prospectus, as the same may be supplemented by prospectus supplements or other public disclosure incorporated into this prospectus by reference. Neither we nor the dealer manager have authorized any other person to provide you with any information different from that contained in this prospectus, a supplement, information incorporated into this prospectus by reference, 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 securities.

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.

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.

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 L BONDS

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 L Bonds, you will have two different ways in which to consummate a purchase: (1) DTC settlement, or (2) direct settlement with the Company.

1. **Depository Trust Company Settlement (DTC settlement).** You can place an order for the purchase of L Bonds using DTC Settlement through your selling group member (i.e., your broker-dealer). A selling group member using this service will have an account with a DTC participant in which your funds will be placed to facilitate a closing on our periodic DTC closing cycle (typically, closings will occur on a bi-monthly cycle). Orders may be placed until the cyclical order due date. Orders will be executed by your selling group member electronically and you must coordinate with your selling group member's registered representative to pay the full purchase price for the L Bonds by the trade date. You will be credited with ownership of an L Bond on the second business day following the periodic DTC closing cycle in which the purchase is made. Nevertheless, interest will accrue for a period of 15 or 30 days for the month in which your purchase is made, depending on when during the DTC closing cycle your purchase is made. Your purchase price for L Bonds purchased in this way will not be held in escrow. This process is different if you purchase L Bonds through direct settlement with the Company as described below.

2. **Direct Settlement with the Company.** If you wish to purchase L Bonds through direct settlement with the Company, then you must complete, execute and return the Subscription Agreement to us together with a certified check or personal check payable to the order of "GWG Holdings, Inc. — Subscription Account" (or wire sent to the Subscription Account) equal to the principal amount of L Bonds you wish to purchase. You will be credited with ownership of an L Bond, and interest will begin to accrue, from the date on which your fully paid subscription is accepted. If you are working with a selling group member, your subscription materials and the wire transfer, certified check or personal check should be delivered to your selling group member, who will deliver it to us at the following address:

GWG Holdings, Inc.
220 South Sixth Street, Suite 1200
Minneapolis, MN 55402

Wire Instructions

GWG Holdings, Inc. — Subscription Account
Account: 500023916
Routing: 091310521
Bank Name: Bell State Bank & Trust

Your purchase is subject to our acceptance. All information provided is confidential and will be disclosed only to our directors, officers and employees who need to know, affiliates, the managing broker-dealer, legal counsel and, if required, to governmental authorities and self-regulatory organizations or as otherwise required by law. For your purchase to be effective as of the first business day of a calendar month, your completed and executed Subscription Agreement, together with your related funds, must be received and accepted by us on or prior to the final settlement date (settlement dates normally occur on a bi-monthly basis).

Upon our receipt of the signed Subscription Agreement and acceptance of your purchase, we will notify you of such acceptance. In our sole discretion, we may accept or reject any purchase, in whole or in part. In the event we do not accept your purchase of L Bonds for any reason, we will promptly return your payment. We may terminate or suspend this offering at any time, for any reason or no reason, in our sole discretion. You may obtain a copy of the Subscription Agreement from our website at www.gwgh.com, from your selling group member (if you are working with one), or by contacting us at 1-877-494-2388.

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, and therefore our offering of L Bonds is exempt from state registration.

Although the status of our L Bonds as a “covered security” will facilitate their purchase and sale to a broader range of investors than would otherwise be available to us, and although the offer and sale of a “covered security” generally involves fewer issuance costs to the issuer of such securities, our L Bonds are not a suitable purchase for all investors. Investors are urged to read carefully the risk factors relating to our business and our Company contained in the Risk Factors section of this prospectus beginning on page 12. In addition, investors should understand that because our L Bonds are a “covered security” exempt from state securities regulations, neither our Company, the L Bonds, or any other aspects of this offering have been the subject of any merit-based review by state securities regulators.

QUESTIONS AND ANSWERS ABOUT THIS OFFERING

The following questions and answers about this offering highlight material information regarding us and this offering that you may wish to review. Nevertheless, you should read this entire prospectus, including the section entitled “Risk Factors,” before deciding to purchase our L Bonds.

Can you explain and clarify the interplay between GWG Holdings, Inc. and GWG Life, LLC and its subsidiaries in relation to the L Bonds and the registration statement?

GWG Holdings, Inc. will be issuing the L Bonds, receiving all proceeds from the sale of L Bonds, and will be the only entity making regular payments on the L Bonds. Nevertheless, because a significant amount of our consolidated assets are held in our subsidiary GWG Life, LLC (and its own subsidiaries), GWG Life is a guarantor of our obligations under the L Bonds. As guarantor of the L Bonds, SEC rules require that GWG Life be included as a co-registrant under this registration statement. GWG Life will not, however, be otherwise involved in the offering of L Bonds.

It seems as though you are offering several bonds with different interest rates and maturities but calling them all L Bonds. Is this the case?

All bonds we issue in this offering will have identical terms, excepting only (1) the interest rate and (2) the maturity length or “term.” In this regard, we have essentially created multiple classes of L Bonds, similar to how companies may have different classes of stocks with slightly different economic rights. Currently, we are offering four classes of L Bonds, as follows:

- “Class 2-2” L Bonds will mature two years from their issuance and accrue interest at 5.50% per annum.
- “Class 3-2” L Bonds will mature three years from their issuance and accrue interest at 6.25% per annum.
- “Class 5-2” L Bonds will mature five years from their issuance and accrue interest at 7.50% per annum.
- “Class 7-2” L Bonds will mature seven years from their issuance and accrue interest at 8.50% per annum.

The economic terms for each L Bond in any particular class will be identical to all other L Bonds in the same class (other than the date of maturity). In the event we adjust the interest rate for any class of bonds we offer, we will create a new class of L Bonds. Upon the renewal of any L Bonds we have sold, any new interest rate applied to an L Bond will be applied to all L Bonds in the same class.

Your prospectus states that the interest rate for the L Bonds may be adjusted from time to time during the course of the offering. Will any such adjustment apply retroactively to L Bonds already issued?

No. Once you purchase an L Bond, the interest rate on that L Bond will not change during the entirety of its original term. The interest rate on an issued L Bond may, however, be adjusted upon renewal of that L Bond. In any such case, we will advise you of any different interest rate that may apply to your L Bond upon renewal. In sum, any new interest rates for the L Bonds will apply only to newly issued L Bonds sold or renewed after the date of any interest rate change. Our decision to change interest rates depends on numerous factors, including but not limited to things such as market interest rates, our capitalization, the demand for our L Bonds, the life settlement market in general, our capital requirements, and other factors. Please see “Description of the L Bonds — Interest Rate.”

How do I subscribe for L Bonds, and what is the settlement process?

L Bonds may be purchased either directly from the Company or through your broker-dealer (also referred to in this prospectus as a selling group member), who utilizes a participant in the DTC system and offers “DTC settlement.”

If you purchase directly from the Company, you will send your completed and executed Subscription Agreement, together with your subscription amount to us at the address listed in “How to Purchase L Bonds.” Your subscription amount is the principal amount of L Bonds you wish to purchase, and should be paid through a certified check or personal check payable to the order of “GWG Holdings, Inc. — Subscription Account.” In lieu of paying by check, you may wire your subscription amount to the account referenced in “How to Purchase L Bonds.” 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.

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Once we have received your subscription amount and required documentation, we will either reject or accept your subscription. If accepted, you will be credited with ownership of the L Bond, we will have immediate access to your subscription amount and you will start to accrue interest on your investment at the rate applicable to the L Bond you have purchased. If you purchase directly from the Company, your L Bond will ordinarily be issued in book-entry (or, if requested, certificated) form and payments will be made directly into the account you indicate in your Subscription Agreement.

Purchasing through a DTC participant is a slightly different process. In this case, you will provide your order for the purchase of L Bonds to your broker-dealer, together with such other information as your broker-dealer may require. Your broker-dealer will ensure your order is electronically placed with the Company and that the Company timely receives your subscription amount. There is no need to furnish the Company with a Subscription Agreement when you purchase through a broker-dealer that utilizes a participant in the DTC system and offers "DTC settlement." However, your broker-dealer may require additional documents.

Once we have received your subscription amount, we will either reject or accept your subscription. Once accepted based on our DTC closing cycle, we will have immediate access to your subscription amount and you will start to accrue interest on your investment at the rate applicable to the L Bond you have purchased. Nevertheless, you will be credited with ownership of an L Bond on the second business day after the end of the closing cycle in which your subscription is accepted. Interest will accrue for a period of 15 or 30 days for the month in which your purchase is made, depending on when during the DTC closing cycle your purchase is made. If you purchase through a broker-dealer who utilizes a participant in the DTC system and offers "DTC settlement," your L Bond will be issued to DTC in the name of Cede & Co, as its nominee. In this sense, DTC will be the legal owner of the L Bond and you will be the beneficial owner. Your ownership of the L Bond should then appear on the brokerage or other investment statements you receive from your broker-dealer or custodian.

For so long as DTC settlement is approved, we intend to issue each class of L Bonds a unique identifying number (CUSIP) each month to facilitate the settlement of L Bonds. Thus, Class 2-2 L Bonds issued in February 2018 (and maturing February 2020) will all have the same CUSIP, which will be different from the CUSIP applicable to Class 2-2 L Bonds issued in September 2018 (and maturing September 2020). In this way, all L Bonds belonging to a single CUSIP will be completely fungible, meaning that they will all mature on the same date and have identical terms so that one L Bond with a particular CUSIP is interchangeable with any other L Bond having the same CUSIP. This process creates a tracking system for the L Bonds to be issued to and transferred through DTC.

What is the role of the trustee?

The Bank of Utah is the trustee for the L Bonds. The role of the trustee is essentially to enforce the terms of the L Bonds on behalf of bondholders, including direct and beneficial holders, and facilitate the relationship between our Company and the bondholders. We must notify the trustee of certain events as required under the indenture, and the trustee will in turn notify bondholders. The trustee has also been granted a security interest in all of the assets of GWG Holdings and GWG Life for the benefit of the bondholders. The trustee has no duty to pay any obligations under L Bonds or to make inquiry regarding, or investigate the use of, amounts disbursed from any account. Upon an event of default under the indenture, and subject to those limitations in the indenture designed to benefit our senior creditors, the trustee may take action against us to enforce the rights of holders of the L Bonds.

What is the role of the paying agent?

The paying agent is the term ascribed to whomever it is that is making the payment to the holders of L Bonds. Presently, the Company itself is the paying agent and therefore responsible for tracking investors' respective payment dates and ensuring timely payment of principal and interest under the L Bonds. Under the indenture, we may designate a third party, such as a transfer agent registered with the SEC, or a banking institution, to serve as paying agent. The role of the paying agent is essentially mechanical, and does not ordinarily involve the exercise of discretion

and judgment in the way that is typical for an indenture trustee.

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Do I need to sign any paperwork in connection with the renewal of my L Bond?

No. The terms of the L Bond allow for the automatic renewal into a new L Bond of an identical (or lesser) maturity, unless we receive notice from you. Upon maturity, the L Bonds will be automatically renewed for the same term at the interest rate we are offering at that time to other investors with similar aggregate L Bond portfolios for L Bonds of the same maturity, unless repaid upon maturity at our or your election. In this regard, we will notify you at least 30 days prior to the maturity date of your L Bonds. In the notice, we will advise you if we intend to repay the L Bonds or else remind you that your L Bonds will be automatically renewed unless you exercise your option, at least 15 days prior to the maturity date, to elect to have your L Bonds repaid. If applicable, a new certificate will be issued. Please see “Prospectus Summary — Renewal or Redemption at Maturity” and “Description of the L Bonds — Renewal or Redemption at Maturity.”

Can I resell or transfer my L Bond after it has been purchased?

Yes. Since these L Bonds are being offered and sold pursuant to an effective registration statement, the L Bonds may be transferred so long as the transfer is documented in a form approved by us. We do not, however, expect a public trading market to develop for the L Bonds in the foreseeable future, if ever. Because of the lack of a trading market for L Bonds, it is unlikely that holders will be able to sell their L Bonds easily. If you wish to transfer your L Bond held in book-entry (or certificated) form, you should contact us. If you wish to transfer your L Bond held through DTC, you should contact your broker-dealer (i.e., your selling group member).

How will I receive interest and principal payments on my L Bonds?

This will depend on how you purchased your L Bond. If you purchased your L Bond directly from us, we will directly deposit our payments of interest and principal into the account indicated in your Subscription Agreement. If you purchased through DTC, all payments of principal and interest will be made to DTC, who will forward such payment to your brokerage account. In this case, all accountings of what you have contributed and what you are owed will be the responsibility of your broker-dealer.

What is GWG Holdings, Inc.?

We are a financial services company committed to finding new ways of disrupting and transforming the life insurance and related industries. We built our business by creating opportunities for consumers to obtain significantly more value for their life insurance policies as compared to the traditional options offered by the insurance industry. We are enhancing and extending these activities through innovation in our products and services, business processes, financing strategies, and investments in advanced epigenetic technologies. At the same time, we are creating opportunities for investors to receive income and capital appreciation from our investment activities in the life insurance and related industries.

Through our principal subsidiary GWG Life, we purchase and finance life insurance policies at a discount to the face value of the policy benefit. While GWG Life 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 that offering, our common stock was listed on The NASDAQ Capital Market under the ticker symbol “GWGH.” We are based in Minneapolis, Minnesota.

Do you currently own any assets?

Our assets consist primarily of cash and equity interests in our subsidiaries. Nearly all of our life insurance assets are held through our subsidiaries. As of December 31, 2016, our consolidated assets totaled \$643.2 million, of which approximately \$78.5 million was cash and equivalents, approximately \$37.8 million was restricted cash, and approximately \$511.2 million was the fair value of our life insurance assets. Those life insurance assets had an

aggregate face value of policy benefits approximating \$1.36 billion. As of September 30, 2017, our consolidated assets totaled \$766.7 million, of which approximately \$115.3 million was cash and equivalents, approximately \$5.8 million was restricted cash, and approximately \$620.1 million was the fair value of our life insurance assets. Those life insurance assets had an aggregate face value of policy benefits approximating \$1.62 billion.

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What is your business strategy?

Our business strategy is to purchase a large and well-diversified portfolio of life insurance policy assets at discounts to the face value of the policy benefits sufficient enough to generate profitable returns. In addition, we seek to create value for consumers owning life insurance through the secondary market for life insurance. In order to meet our goals, 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) developing financing resources, strategies, and capabilities for servicing a large portfolio of life insurance policies; and (iii) establishing strategic relationships for delivering our products and services. In addition, we are exploring various ways in which we can commercialize, and perhaps transform, certain aspects of the life insurance and related industries through the application of epigenetic technology.

Are there any risks involved in investing in this offering?

Yes. Investing in our L Bonds involves a high degree of risk. You should carefully review the “Risk Factors” section of this prospectus, which contains a detailed discussion of the material risks that you should consider before investing in our L Bonds.

How long will this offering last?

The offering is a continuous offering. The offering under this registration statement expires under SEC rules after three years (i.e., _____, _____). We may, however, conduct similar or identical offerings of L Bonds or other securities during 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 to this prospectus, as appropriate; and (iv) such other reports as required under Section 13 of the Securities Exchange Act of 1934. Such information is also available on our website at www.gwgh.com.

Will I receive annual tax information regarding interest payments from you?

You will receive a Form 1099-INT, which will be mailed by January 31 of each year.

Who can help answer my questions about the offering?

If you have more questions about our offering, you should contact a registered representative of your broker-dealer (i.e., your selling group member) or other investment professional, or else contact:

GWG Holdings, Inc.

220 South Sixth Street, Suite 1200

Minneapolis, MN 55402

(612) 746-1944

Attention: Jacky Junek, Senior Counsel

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 that are incorporated, or deemed to be incorporated, by reference into this prospectus, 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” refer to GWG Holdings, Inc. together with its wholly owned direct or indirect 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 financial services company committed to finding new ways of transforming the life insurance and related industries through innovative products and services, business processes, financing strategies, and advanced epigenetic technology. Historically, we have focused on creating opportunities for consumers to maximize the value of their life insurance as compared to the traditional options offered by the insurance industry. As part of our business, we create opportunities for investors to receive income and capital appreciation from our various activities in the life insurance industry. More recently, we have focused on applying new epigenetic technology to the global life insurance industry.

The life insurance industry provides us with the opportunity to bring value to consumers and earn non-correlated yield by purchasing life insurance policy assets at a discount to the face value of the policy benefits. Once we purchase a life insurance policy asset, we continue to pay the premium to collect the policy benefit. In sum, we seek to earn the difference between the costs we incur to purchase, service and finance the life insurance assets we own and the policy benefits we receive. This practice is disruptive to historical life insurance industry practices as insurance carriers have grown to rely on consumer lapse and surrender behavior resulting in the forfeiture of policy benefits. From inception through September 30, 2017, we have purchased approximately \$2.6 billion in face value of policy benefits from consumers for over \$457.8 million, as compared to the \$33 million in surrender value offered by insurance carriers on those same policies. Our innovative business allows consumers to maximize their investment in life insurance for their retirement or other financial needs.

We believe the market potential to serve consumers owning life insurance with our innovative products and services is large. According to the American Council of Life Insurers Fact Book 2016 (ACLI), individual consumers owned over \$10.3 trillion in face value of life insurance policy benefits in the United States in 2015. In that same year, the ACLI reports that individual consumers purchased an aggregate of \$1.6 trillion of new life insurance policy benefits. This figure includes all types of policies, including term insurance and permanent insurance known as whole life and universal life. Our opportunity exists as a result of consumer lapse behaviors and grossly inadequate surrender values offered to consumers by insurance carriers. The ACLI reports that the annual lapse and surrender rate for individual life insurance policies in 2015 was 5.4%, amounting to over \$638.5 billion in face value of policy benefits lapsed and surrendered. According to testimony by Gottlieb & Smetters, it is estimated that nearly 88% of all universal life insurance policies sold in the United States do not result in the payment of a benefit claim. Research by Conning Research & Consulting (Conning) reports that the annual net market potential for life insurance policy benefits that could be sold in the secondary market exceeded \$141 billion face value of policy benefits in 2016. Of that market potential, Conning estimates that \$1.7 billion in face value of life insurance benefits were purchased in 2015, indicating that the market is dramatically underserved. With an aging demographic in the United States, Conning expects the net market potential to grow to an annual \$170 billion in face value of life insurance benefits by 2025.

The need for innovative insurance based products and services that address the needs of the aging demographic in the United States was further supported by a policy statement by the National Association of Insurance Commissioners (“NAIC”) Long-Term Care Innovation (B) Subgroup in 2017. In that policy statement, the NAIC recognized that the life insurance secondary market can provide an important private market solution for financing seniors need for long-term

care. We share the belief that consumers are dramatically underserved with products and services based off life insurance secondary market principles. Further, we believe the opportunity to serve the aging demographic represents a significant long-term growth opportunity that GWG is well positioned to address.

A critical factor for earning positive returns from our life insurance assets is our ability to accurately estimate human life expectancy. In an effort to improve our accuracy in estimating human life expectancy, we began working

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with by Dr. Steve Horvath, a Professor of Human Genetics and Biostatistics at the University of California, Los Angeles (UCLA). In May 2017, our wholly owned subsidiary Life Epigenetics, Inc. exclusively licensed from UCLA Dr. Horvath's "DNA Methylation Based Predictor of Mortality" technology, or "M-Panel" technology, which tests for certain chemical bio-markers occurring at the molecular level that are referred to as "methylation." We believe M-Panel technology could improve our ability to more accurately predict human life expectancy.

Our M-Panel technology is based upon a revolutionary new field of science known as "epigenetics." Epigenetics is the study of chemical changes occurring along the epigenome at a molecular scale. The chemical change known as methylation has been proven to silence or emphasize gene expression. In addition, while genetics generally do not change over a human's lifespan, the amount of methylation change that occurs in a human has been shown to change dramatically as a result of lifestyle, environment, diet, and other factors typically associated with environmental exposures. While we believe our M-Panel and similar technology may improve our ability to estimate human lifespan for our life insurance secondary market business, we believe the technology has much greater promise for the global life insurance industry. As a result, we intend to use M-Panel and other technology to aggressively pursue additional lines of business in the life insurance industry. According to industry experts, advancements in technology have the potential to upend the ability of insurers to assess and select risks. Industry consultants KPMG, Accenture, and Ernst & Young all take the position that the insurance industry will undergo transformational change as advanced technologies affect their businesses. We believe our M-Panel technology is a transformational industry technology.

We believe that we are uniquely positioned to continue acquiring life insurance assets from consumers in the secondary market, while developing additional innovative business models in the life insurance industry through the use of M-Panel technology. We expect to continue to finance our growth by providing investors with the opportunity to participate in the yield from the life insurance assets we own and growth opportunities we create.

To participate, compete in, and expand our markets, we spend significant resources: (i) recruiting and developing a professional management team; (ii) developing a robust operational platform, systems and strategy for originating life insurance policies; (iii) establishing strategic relationships for delivering the services we provide; (iv) creating opportunities for investors to participate in the yield and capital appreciation generated by the life insurance assets we own; and (v) creating innovative growth opportunities to participate in the global life insurance industry through the use of epigenetic technology.

Portfolio Information

Our portfolio of life insurance policies owned by our subsidiaries as of September 30, 2017 is summarized below:

Total portfolio face value of policy benefits	\$ 1,622,627,000	
Average face value per policy	\$ 1,909,000	
Average face value per insured life	\$ 2,135,000	
Average age of insured (yrs.)*	81.7	
Average life expectancy estimate (yrs.)*	6.9	
Total number of policies	850	
Number of unique lives	760	
Demographics	74% Males;	
	26% Females	
Number of smokers	34	
Largest policy as % of total portfolio	0.82	%
Average policy as % of total portfolio	0.12	%
Average annual premium as % of face value	3.51	%

* Averages presented in the table are weighted averages.

Corporate Organization

Our business was originally organized in February 2006. We added our current parent holding company, GWG Holdings Inc., in March 2008, and 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.”

We conduct our life insurance related business through a wholly owned subsidiary, GWG Life, LLC (GWG Life), and GWG Life’s principal wholly owned subsidiary GWG DLP Funding IV, LLC (DLP IV). Both GWG Life and DLP IV are legally organized in Delaware. Life Epigenetics Inc. is a wholly owned subsidiary of GWG Holdings formed to engage in the various life insurance related businesses and activities.

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

“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 requirements 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 under the Sarbanes-Oxley Act of 2002;
- are not required to provide a detailed narrative disclosure discussing our compensation principles and objectives and analyzing how our compensation 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. Our election to use the phase-in periods is irrevocable and may make it difficult to compare our financial statements to companies that are either ineligible for, or have opted out of, the longer phase-in periods.

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.

It should be noted that certain 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, and our claim to those reduced reporting requirements and exemptions will not be affected by the loss of our status as an “emerging growth company.” In this regard, 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.

Indenture Trustee Bank of Utah

Paying Agent GWG Holdings, Inc.

Securities Offered We are offering up to 1,000,000 Units of L Bonds, with each whole Unit representing \$1,000 in principal amount of L Bonds. The L Bonds are being sold on a continuous basis.

Method of Purchase We will sell L Bonds using two different closing or “settlement” services, whenever available. The first service is DTC settlement, and the second is direct settlement with the Company. For more information, see “Plan of Distribution.” The registration statement of which this prospectus is a part also registers the renewal of L Bonds that are outstanding from time to time.

Denomination The minimum purchase amount is 25 L Bond Units, or \$25,000 in principal amount. Additional L Bonds in excess of 25 Units may be purchased in any number of whole Units.

Offering Price \$1,000 per whole Unit, representing 100% of the principal amount of the L Bond represented by a whole Unit. Throughout this prospectus, we refer to L Bond Units simply as “L Bonds.”

Limited Rescission Right If you are purchasing L Bonds through direct settlement with the Company and your Subscription Agreement is accepted at a time when we have determined that a post-effective amendment to the registration statement of which this prospectus is a part must be filed with the SEC, but such post-effective amendment has not yet been declared effective, you will have a limited time within which to rescind your investment subject to the conditions set forth in this prospectus. See “Description of the L Bonds — Limited Rescission Right” for additional information.

Maturity You may generally choose maturities for your L Bonds of two, three, five or seven years. Nevertheless, depending on our capital requirements, we may not offer and sell L Bonds of all maturities at all times during this offering.

Interest Rates The interest rate of the L Bonds will be established at the time of your purchase, or at the time of renewal, based upon the rates we are offering in this prospectus or our latest interest rate supplement to this prospectus (i.e., any prospectus supplement containing interest rate information for L Bonds of different maturities), and will remain fixed throughout the term of the L Bond. We may offer higher rates of interest to investors with larger aggregate L Bond portfolios, but only as set forth in the then-current interest rate supplement.

Interest Payments We will pay interest on the L Bonds based on the terms you choose, which may be monthly or annually. Interest will accrue from the effective date of the L Bond’s issuance. If you purchase your L Bond directly from the Company,

the effective date of your L Bond will be the date on which we accept your fully paid subscription. If you purchase your L Bond through DTC settlement, interest will begin accruing on the trade date. Based on our anticipated bi-monthly closing cycle, this means that interest will accrue for a period of 15 or 30 days for the month in which your purchase is made, depending on when during the DTC closing cycle your purchase is made. Interest payments will generally be made on the 15th day immediately following the last day of the month to the L Bond holder of record as of the last day of that interest-payment period. Interest will be paid without any compounding.

Principal Payments

The maturity date for the L Bonds will be the last day of the month during which the L Bond matures. We are obligated to pay the principal on the L Bond by the fifth day of the month next following its maturity (or the first business day following such date).

Payment Method

Principal and interest payments will be made by direct deposit to the account you designate in your Subscription Agreement if you purchase L Bonds through direct settlement with the Company. If you purchase L Bonds through DTC settlement, principal and interest payments will be made to your brokerage or custodial account through DTC.

Renewal or Redemption at Maturity

Upon maturity, the L Bonds will be automatically renewed for the same term at the interest rate we are offering at that time to other investors with similar aggregate L Bond portfolios for L Bonds of the same maturity, unless repaid upon maturity at our or your election. In this regard, we will notify you at least 30 days prior to the maturity date of your L Bonds. In the notice, we will advise you if we intend to repay the L Bonds or else remind you that your L Bonds will be automatically renewed unless you exercise your option, at least 15 days prior to the maturity date, to elect to have your L Bonds repaid. If applicable, a new certificate will be issued.

If we determine that a post-effective amendment to the registration statement covering the offer and sale of L Bonds must be filed during your 15-day repayment election period, we will extend your election period until ten days following the postmark date of our notice to you that the amendment has become effective.

For any L Bonds offered hereby that mature after the three-year anniversary of the commencement of this offering, we expect that the renewal of such L Bonds may require us to file a new registration statement. In such a case, the new registration statement must be declared effective before we will be able to renew your L Bond. In this event, if the new registration statement has not yet been filed or become effective, we will extend your election period until ten days following the date of our notice to you that the new registration statement has become effective, which notice will include a new prospectus.

If L Bonds with similar terms are not being offered at the time of renewal, then (i) the interest rate upon renewal will be (a) the rate specified by us in writing on or before the maturity date or (b) if no such rate is specified, the rate of your existing L Bonds, and (ii) the maturity will be the same if L Bonds of the same maturity are then being offered at the time of renewal. If L Bonds of the same maturity are not then being offered at the time of renewal, then the maturity will be the next earliest maturity. Accordingly, you should understand that the interest rate offered upon renewal may differ from the interest rate applicable to your L Bonds prior to maturity. See “Description of the L Bonds — Renewal or Redemption on Maturity.”

Call and Redemption Prior to Maturity

We may call and redeem the entire outstanding principal balance and accrued but unpaid interest of any or all of the L Bonds at any time without penalty or premium. L Bond holders will have no right to require us to redeem any L Bond prior to maturity unless the request is due to death, bankruptcy or total permanent disability. The indenture defines “total permanent disability” as the determination by a physician, approved by us, that a holder of an L Bond who is a natural person, and who was gainfully employed at the time of issuance of the L Bond (or its renewal date), is unable to work on a full-time basis during a period of 24 consecutive months.

In our sole discretion, we may accommodate other requests to redeem any L Bond prior to maturity. If we agree to redeem an L Bond upon the request of an L Bond holder (other than in connection with death, bankruptcy or total permanent disability), we will impose a redemption fee of 6% against the outstanding principal balance of the L Bond redeemed, which fee will be subtracted from the amount paid.

Ranking

The L Bonds will constitute secured debt of GWG Holdings. The payment of principal and interest on the L Bonds will be:

- pari passu with respect to payment on and collateral securing all L Bonds (including previously issued L Bonds), of which approximately \$424.8 million in principal amount is outstanding as of September 30, 2017 (see the caption “— Collateral Security” below);
- structurally and contractually junior to the present and future obligations owed by DLP IV under a senior secured term loan with LNV/CLMG, and structurally or contractually junior to any future obligations that DLP IV and other primary obligors or guarantors may have under future senior secured borrowing facilities; and
- structurally junior to the present and future claims of other creditors of DLP IV, including trade creditors.

The indenture permits us to issue other forms of debt, including senior and secured debt, in the future. Any such secured senior debt will have priority over L Bonds with respect to claims for payment and claims for any collateral that is shared as between the holders of L Bonds and such senior secured debt.

To fully understand the foregoing summary, you should understand that “pari passu” means that claims for payment and entitlement to security among the holders of L Bonds (including the holders of previously issued L Bonds) and the holders of any later-created class of “pari passu debt” of ours, will generally be treated equally and without preference. Debt issued on a pari passu basis in the future would be treated equally and without preference in respect of the L Bonds. Thus, in the event of any default on the L Bonds (or any other debt securities of ours that is pari passu with the L Bonds) resulting in claims for payment or claims on collateral security, the holders of the L Bonds and all such other debt securities that are pari passu with the L Bonds would share in payment or collateral in proportion to the amount of principal and interest owed on each such debt instrument. See “Description of the L Bonds — Ranking” for further information.

Guarantee

The payment of principal and interest on the L Bonds, including all previously issued L Bonds, is fully and unconditionally guaranteed by GWG Life. On September 30, 2017, there was approximately \$424.8 million in outstanding principal amount of L Bonds.

Collateral Security

The L Bonds are secured by the assets of GWG Holdings, Inc. We have granted a security interest in all of our assets to the indenture trustee for the benefit of the L Bond holders. Our assets consist primarily of our investments in our subsidiaries and any cash proceeds we receive from life insurance assets of our subsidiaries, and all other cash and investments we hold in various accounts.

Substantially all of our life insurance assets are held in our subsidiary DLP IV. The L Bonds' security interest will be structurally subordinate to the security interest in favor of our senior secured lender, together with any future senior secured lenders of ours. The assets of GWG Life, including proceeds it receives as distributions from DLP IV and derived from the insurance policies owned by DLP IV, are collateral for GWG Life's guarantee of the repayment of principal and interest on the L Bonds.

The L Bonds are also secured by a pledge of a majority of our outstanding common stock beneficially held by our largest stockholders. For more information please see "Description of the L Bonds — Collateral Security."

Indenture Covenants

The indenture governing the L Bonds places restrictive covenants and affirmative obligations on us. For example, our debt coverage ratio may not exceed 90%.

The indenture defines the debt coverage ratio as a percentage calculated by the ratio of (A) obligations owing by us and our subsidiaries on all outstanding debt for borrowed money (including the L Bonds), over (B) the net present asset value of all life insurance assets we own, directly or indirectly, plus any cash held in our accounts. For this purpose, the net present asset value of our life insurance assets is equal to the present value of the cash flows derived from the face value of policy benefit assets we own, discounted at a rate equal to the weighted-average interest rate on our indebtedness for the prior month.

We are required to notify the indenture trustee in the event that we violate this restrictive covenant for a period of 30 consecutive days. An “event of default” will exist under the indenture if a violation of this covenant persists for a period of 60 calendar days after the trustee’s notice to us of a breach, or such a notice received from the holders of at least 25% in principal amount of outstanding L Bonds.

The indenture also places limitations on our ability to engage in a merger or sale of all of our assets. See “Description of the Indentures — Events of Default” and “— Consolidation Mergers or Sales” for more information.

Use of Proceeds

If all the L Bonds are sold, we would expect to receive up to approximately \$918.8 million of net proceeds from this offering after paying our estimated average selling commissions, dealer-manager fees, accountable expense allowance, wholesaling fees, non-cash compensation, up to a 1.00% reallowance, and our own offering-related expenses. There is no minimum amount of L Bonds that must be sold before we access investor funds. The exact amount of proceeds we receive may vary considerably depending on a variety of factors, including how long the L Bonds are offered.

We intend to use the majority of net proceeds from this offering to purchase and service life insurance policy assets. We will also use proceeds from this offering to pay fees, interest and principal (at maturity) to our lenders, including under our senior credit facility, previously issued L Bonds and the L Bonds offered hereby, and for general working capital purposes. See “Use of Proceeds” for additional information.

No Market for L Bonds Units;
Transferability

There is no existing market for the L Bonds and we do not anticipate that a secondary market for the L Bonds will develop. We do not intend to apply for listing of the L Bonds on any securities exchange or for quotation of the L Bonds in any automated dealer quotation system. Nevertheless, you will be able to freely transfer or pledge L Bonds. See “Description of the L Bonds — Transfers.”

Book Entry

The L Bonds may be issued in book-entry form, certificated form, or in the form of a global certificate deposited with a depository. See “Description of the L Bonds — Registration and Exchange.”

Covered Security

Our L Bonds are a “covered security.” The term “covered security” applies to securities exempt from state registration because of their oversight by federal authorities and national-level regulatory bodies 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 are senior to our common stock, which is listed on The Nasdaq Capital Market, and therefore our offering of L Bonds is exempt from state registration.

Although the status of our L Bonds as a “covered security” will facilitate their purchase and sale to a broader range of investors than would otherwise be available to us, and although the offer and sale of a “covered security” generally involves fewer issuance costs to the issuer of such securities, our L Bonds are not a suitable purchase for all investors. In this regard, please carefully review the “Risk Factors” contained in this prospectus, as well as the disclosures on page 12 under the heading “Covered Security.”

Risk Factors

An investment in the L Bonds involves significant risks, including the risk of losing your entire investment, and may be considered speculative.

Importantly, we maintain senior borrowing arrangements that subordinate the right to payment on, and shared collateral securing, the L Bonds to our senior secured lenders. From time to time we may add or replace senior lenders or modify 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 payment of principal and interest on the L Bonds. For a summary of risks relating to this offering and our Company and business, please see “Risk Factors,” page 12.

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;
- changes resulting from the evolution of our business model and strategy with respect to the life insurance industry;
- 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;
- risks relating to our ability to license and effectively apply technologies to improve and expand the scope of our business;
- 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;
- cost-of-insurance (premium) increases on our life insurance contracts;
- general economic outlook, including prevailing interest rates;
- performance of our investments in life insurance policies;
- financing requirements;
- risks associated with our merchant cash business;
- the various risks associated with our attempts to commercialize our M-Panel technology;
- litigation risks;
- restrictive covenants contained in borrowing agreements; 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 involves 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 undertake no obligation to update our forward-looking statements. We caution you that the forward-looking statements in (or incorporated by reference into) 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 15, 2017, Quarterly Reports on Form 10-Q filed with the SEC on May 12, August 10, and November 9, 2017, Currents Reports on Form 8-K filed with SEC on February 9, February 22, March 8, April 3, May 10, June 30, August 10, 2017, September 27, 2017, October 26, 2017, and November 9, 2017, and our definitive proxy statement filed with the SEC on March 30, 2017, all which are incorporated by reference into this prospectus, and (ii) contained herein or in any supplement to this prospectus, including information in any documents subsequently incorporated by reference into this prospectus. The information incorporated by reference into this prospectus specifically includes the risk factors contained in our Annual Report on Form 10-K filed with the SEC on March 15, 2017.

For a description of the above-described 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 presently 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.

We may be unable to raise the capital we are seeking from our securities offerings, and may be unable to meet our overall business objective of growing a larger, actuarially diverse portfolio of life insurance assets.

Our offer and sale of L Bonds and other securities are the principal means by which we intend to raise funds needed to meet our goal of growing a larger and more statistically diverse portfolio. While we plan to continue financing our business, if we are unable to do so for any reason we may be unable to meet our goal. In addition, if holders of our L Bonds were to fail to renew those securities with the frequency we have historically experienced, and 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 some or all of our investments in life insurance policies in order to service or satisfy our debt-related obligations. If we are forced to sell some or all of our investments in life insurance policies, or our entire portfolio, we may be unable to sell them at prices we believe are optimal or 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 would likely be materially and adversely impacted.

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 continue operating our business.

GWG Holdings, Inc. is a holding company. As a holding company, we conduct our operations through operating subsidiaries, and as such our most significant assets are cash and our ownership interests in our subsidiaries. Accordingly, our ability to meet our obligations, including our obligations under the L Bonds, materially depends upon the ability of our subsidiaries to distribute cash to us. In this regard, the ability of our subsidiaries to distribute cash to us is, and will continue to be, restricted by certain negative covenants in the agreement governing our senior credit facility. If any of these limitations were to materially impede the flow of cash to us, our ability to service and repay our debt, including obligations under the L Bonds, would be materially and adversely affected. In addition, any adverse corporate event at the subsidiary level, such as a declaration of bankruptcy, liquidation or reorganization or an event of default under our senior credit facility, could adversely affect the ability of our subsidiaries to distribute cash to us, and thereby materially and adversely affect our ability to service and repay our debt, including obligations under the L Bonds, and negatively impact our ability to continue operations.

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

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. As of September 30, 2017, approximately 17% 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. On the remaining 83% of our policies, we pay

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“non-guaranteed COI charges” and are subject to the risk that the insurer could increase the COI charges for the policy. In all cases, the amount of increase is subject to any limits that may be 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 related policy in force, and this could materially and adversely affect our profitability.

A COI increase can also be expected to impair the value of the affected policy since extra expense (i.e., additional premium amounts) will be required to keep the policy in force, and such extra expense will diminish the economic value, or return, of the policy upon the mortality of the insured. As a result, any widespread COI increases in policies we own 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.

Subordination provisions contained in the indenture will restrict the ability of the trustee or the L Bond holders to enforce their rights against us under the indenture, including the right to payment on the L Bonds, if a default then exists under a senior credit facility.

The L Bonds will be subordinate in right of payment to any claims of our senior lenders under a senior credit facility. In this regard, subordination provisions limiting the right of L Bond holders to enforce their rights are contained in the indenture. These provisions include:

- a prohibition on challenging any enforcement action taken by a senior lender, or interfering with any legal action or suits undertaken by a senior lender, against us and our affiliates;
- a 180-day standstill period during which there may not be brought any action against us or our affiliates to enforce rights respecting collateral unless our senior credit facilities have been repaid in full, which period may be extended if the senior lender takes action during such standstill period; and
- a prohibition on filing a bankruptcy or insolvency case against us or our affiliates for at least one year plus one day after any senior lender has been paid in full.

In the event of a default on a senior credit facility, the indenture prohibits us from making any payment, direct or indirect (whether for interest, principal, as a result of any redemption or repayment at maturity, on default, or otherwise), on the L Bonds and any other indebtedness unless and until: (i) the default respecting the senior credit facility has been cured or waived or has ceased to exist; or (ii) in the case of a non-payment default that permits a senior lender to declare as due and payable all amounts owing under a senior credit facility (but where that senior lender has not yet so declared amounts as being due and payable), the end of the period commencing on the date the trustee receives written notice of default from the senior lender and ending on the earliest of (1) our discharge of the default (or other cure), (2) the trustee’s receipt of a valid waiver of default from the senior lender, or (3) a written notice from the senior lender terminating the payment prohibition.

During any payment prohibition period, neither the holders of the L Bonds nor the trustee will have the right, directly or indirectly, to sue to enforce the indenture or the L Bonds. Other provisions of the indenture do permit the trustee to take action to enforce the payment rights of L Bond holders after 179 days have passed since the trustee’s receipt of notice of default from a senior lender, but in such case any funds paid as a result of any such suit or enforcement action shall be applied toward the senior credit facility until the facility is indefeasibly paid in full before being applied to the L Bonds.

These subordination provisions present the risk that, upon any default by us on obligations owed to our senior lenders, the holders of the L Bonds will be unable to enforce their rights to payment.

If the 180-day standstill period noted above, or any other limitation on the rights of the trustee or L Bond holders to assert their rights to payment of principal or interest under the indenture, is ultimately determined to conflict with provisions of the Trust Indenture Act of 1939 (most notably sections 316(b) and 317(a) of that Act), then the trustee, as well as any holder who shall not have earlier consented to such subordination provisions, will (notwithstanding such provision contained in the indenture) be authorized to institute a lawsuit for the enforcement of any payment of principal or interest after their respective due dates.

The collateral granted as security for our obligations under the L Bonds may be insufficient to repay the indebtedness upon an event of default.

GWG Holdings (the issuer of the L Bonds) and GWG Life (the guarantor of obligations under the L Bonds, and the wholly owned subsidiary of GWG Holdings) have each granted a security interest in substantially all of their respective assets to serve as collateral security for obligations under the L Bonds. Importantly, DLP IV owns substantially all of our life insurance policies and is the borrower under our senior credit facility with LNV/CLMG. As the borrower under that senior credit facility, all of its assets — including all of its life insurance policy assets — serve as collateral for our obligations under the facility.

The most significant assets of each of GWG Holdings and GWG Life are their cash and investments in their respective subsidiaries. At December 31, 2016, GWG Holdings' total assets were approximately \$462.3 million, of which approximately \$28.5 million was cash and approximately \$430.0 million was its investment in subsidiaries. On that same date, GWG Life's total assets were approximately \$447.1 million, of which approximately \$49.4 million was cash and approximately \$352.3 million was its investment in subsidiaries. Approximately \$41.2 million in fair value of life insurance policies was directly owned by GWG Life at December 31, 2016.

Because of the fact that substantially all of our life insurance assets are held in our DLP IV subsidiary, and all of those assets serve as collateral security for our obligations under our senior credit facility, L Bond holders risk the possibility that the collateral security that has been granted for our obligations under the L Bonds may be insufficient to repay holders upon an event of default. Furthermore, while the indenture governing the L Bonds limits the amount of debt we and our subsidiaries can incur, the indenture permits us and our subsidiaries to incur additional secured debt (subject to the debt coverage ratio) that may be senior to the L Bonds.

If a significant number of holders of our L Bonds demand repayment upon maturity instead of renewing the bonds, and at such time we do not have sufficient access to capital to fund those repayments (and do not otherwise have access to sufficient capital), we may be forced to liquidate some of our life insurance policies, which could have a material and adverse impact on our results of operations and financial condition.

As of September 30, 2017, we had approximately \$424.8 million in principal amount of L Bonds outstanding. Since we first issued our L Bonds through September 30, 2017, we have experienced \$374.6 million in maturities, of which \$223.7 million has renewed for an additional term. This has provided us with an historical renewal rate of approximately 60%, in principal amount, for L Bond maturities. Future maturities of L Bonds as of September 30, 2017 are as follows:

Years Ending December 31,	Contractual Maturities	Unamortized Deferred Financing Costs
Three months ending December 31, 2017	\$ 17,059,000	\$ 104,000
2018	108,717,000	1,652,000
2019	133,174,000	4,294,000
2020	63,523,000	2,763,000
2021	28,703,000	1,350,000
Thereafter	73,602,000	4,299,000
	\$ 424,778,000	\$ 14,462,000

In August 2017, we exercised our contractual rights to call for the redemption of all our Series I Secured Notes, the aggregate outstanding principal of which was approximately \$6.8 million as of June 30, 2017. In September 2017, we consummated the redemption of all of those debt obligations.

If investors holding existing and maturing indebtedness do not elect to renew their investments and we do not at such time have or have access to sufficient capital, then we may need to liquidate some or all of our investments in life insurance policies earlier than anticipated. In such an event, we may be unable to sell those policies at prices we

believe are fair or otherwise appropriate and these sales could have a material and adverse impact on our results of operations and financial condition. See also “We may be unable to raise the capital we are seeking”

The debt coverage ratio, designed to provide some assurance that the value of our assets exceeds our obligations to the holders of L Bonds, values our life insurance policy assets in manner that may not be representative of the amount we would actually receive upon a sale of those assets.

Under the indenture governing the L Bonds, the maximum amount of L Bonds we may issue at any time is limited to an amount such that our debt coverage ratio does not exceed 90%. This limitation is designed to provide a basis to ensure that the net present value of policy benefits from our life insurance assets are able to cover the obligations to our L Bond holders. Conceptually, and because we intend to hold our life insurance policies until we receive the related policy benefits, the debt coverage ratio is based on the future receipt our portfolio's gross expected yield (i.e., our expected gains) as measured against the future interest cost of our total debt obligations to finance the portfolio to maturity. Expressed as a percentage, the debt coverage ratio is calculated as the ratio of (i) the total amounts outstanding on interest-bearing debt, over (ii) the net present asset value of all life insurance assets we own, plus any cash and cash equivalents held in our accounts and policy benefit receivables. For this purpose, the net present asset value of our life insurance assets is calculated as the present value of the life insurance portfolio's expected future cash flows discounted at the weighted-average interest rate of the interest-bearing indebtedness for the previous month.

Although the debt coverage ratio is designed to provide a basis to ensure that our assets will be sufficient to meet our obligations to the holders of L Bonds, the "net present value" of our life insurance assets used in the debt coverage ratio is not the same as the "fair value" of those assets on our balance sheet. Accordingly, the "net present value" and the "fair value" of our life insurance assets may be different — greater or less — and as a result the debt coverage ratio is not informative of the amount we and holders of L Bonds would actually receive if we were forced to sell or liquidated our life insurance assets. Furthermore, any sale or liquidation of all or a significant portion of our life insurance assets would incur significant transactional costs. As a result, our mere compliance with the debt coverage ratio in the indenture will not guarantee that the value of our life insurance assets, if sold or liquidated, would in all cases exceed the amount of our obligations to the holders of L Bonds.

We have no obligation to redeem L Bonds prior to their maturity date except in very limited circumstances.

We will have no obligation, and L Bond holders will have no right to require us, to redeem any L Bonds prior to their maturity date. The only exceptions will exist for situations in which an individual natural person who holds an L Bond suffers a total permanent disability or a bankruptcy, or dies. In such an event, we will be required to redeem the L Bonds of that person so long as certain procedural requirements are met. We may nonetheless agree, in our sole and absolute discretion, to accommodate requests to redeem L Bonds prior to their maturity in other cases. If, in our discretion, we voluntarily agree to redeem L Bonds that we are not obligated to redeem under the indenture, we will assess a 6% redemption fee for the transaction. For more information, see "Description of the L Bonds — Call and Redemption Prior to Stated Maturity." As a result, any investment in our L Bonds should be considered illiquid until its stated maturity date.

Inaccuracies in the life expectancy estimates we use for small face policies could have a material and adverse effect on our results of operation and financial condition.

As of September 30, 2017, we owned 462 "small face" life insurance policies (i.e., policies having \$1 million in face value of benefits or less) having \$253.9 million in aggregate face value of benefits. We expect that the proportion of our total portfolio of life insurance policies consisting of small face policies will increase in the future.

The underwriting processes we use to evaluate, price and purchase small face policies are different from, and may not be as reliable as, the processes we use for life insurance policies with larger face values of benefits. In particular, the processes we use to develop life expectancy estimates and the related mortality curves for small face policies are less extensive than traditional methods. Although we obtain professional actuarial guidance regarding these processes, they may not be as reliable as the processes we use for policies with larger (greater than \$1 million) face value of benefits.

As the face value attributable to our small face policies increases relative to the total face value of our portfolio, the accuracy with which we have estimated life expectancies for these policies will become increasingly material to

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our business. Any shortcomings in the processes we use to evaluate, price, purchase and value our small face policies, or significant inaccuracies in the life expectancy estimates relating to those policies, could have a material and adverse effect on our results of operation and financial condition. Any such outcomes could have a negative and possibly material effect on our ability to satisfy our debts, including obligations under our L Bonds.

We may in the future rely, in part, on new and unproven technology as part of our underwriting processes. If mortality predictions we obtain through use of this technology prove inaccurate, then our results of operation and financial condition could be materially and adversely affected.

We recently exercised our option to license, on an exclusive basis for use in the life insurance industry, new technology (which we call “M-Panel” technology) that we believe may be applied to assist us with mortality predictions in the course of underwriting and valuing life insurance policies. This M-Panel technology, however, has not yet been commercially applied in the manner we envision, and it is possible that we will be unable to obtain more accurate mortality predictions through its use. It is also possible that the mortality predictions we obtain through use of the M-Panel technology will prove inaccurate, and perhaps materially so. In any such a case, our failure to accurately forecast mortalities could have a material and adverse effect on our results of operation and financial condition, which could in turn materially and negatively affect our ability to satisfy our debts, including obligations under our L Bonds.

Although we have entered into a written license agreement for the M-Panel technology, we may have difficulties preventing third parties from using that technology, and we may be required to obtain additional licenses from other parties prior to our commercial use of that technology. We may be forced to develop our own proprietary processes, the success of which would be uncertain. Difficulties we encounter in our efforts to use or develop, and protect, intellectual property may prove costly and affect our results of operations.

The M-Panel technology rights we have licensed are the subject of a provisional patent application, but no patent protection will be afforded those rights unless and until a non-provisional patent application is filed with the U.S. Patent and Trademark Office, which filing is beyond our control. If the patent for the M-Panel technology ultimately were to issue, we would be legally entitled to prevent third parties from using any part of the technology that is both covered by the claims of the patent and licensed to us. If, on the other hand, no patent is ultimately granted with respect to the M-Panel technology (or the scope of claims is too narrow to afford us with meaningful protection), then we may be unable to prevent third parties from using the M-Panel technology. This outcome may severely diminish any competitive advantage we hope to obtain through our use of the M-Panel technology.

We are aware that other patent applications pending in the U.S. Patent and Trademark Office may have scopes of claims that overlap with the claims contained in the provisional patent application filed with respect to the M-Panel technology. If those other patents were to issue with scopes of claims that in fact overlap with the claims in any patent application for the M-Panel technology, we would likely be required to enter into a license agreement with other third parties before we could use processes that are covered by those overlapping claims. Nevertheless, we may be unable to procure such a license, and even if we are able to procure such a license it may prove too costly for us. Alternatively, we would ourselves be required to develop other processes that would not overlap with other patent claims. Our own development of these processes could be costly and time consuming and may ultimately prove unsuccessful.

In sum, any difficulties we encounter in our efforts to use (through a license), or develop, and ultimately protect, intellectual property from which we hope to gain a competitive advantage and enter into new insurance-related markets could prove costly and time-consuming enough to materially and adversely affect our results of operations.

The technology we license may subject us to claims of infringement or invalidity from third parties, and the magnitude of this risk to our business generally rises if and as we become more successful in employing and relying on the technology. Any such claims would be complex and costly, and adverse outcomes could undermine the competitive advantages we seek.

Our reliance on M-Panel technology (or any other technology we own or license) will subject us to the risk that other parties may assert, rightly or wrongly, that our intellectual property rights are invalid or violate the rights of those parties, as well as the risk that our intellectual property rights will be infringed upon by third parties. Any outcome invalidating our intellectual property rights or otherwise diminishing the competitive advantages obtained, at least in part, through the use of those rights could have a material and adverse effect on our competitive position and our prospects.

Commercializing the M-Panel or other technology may require significant expenses, may cause us to incur losses, and may ultimately prove ineffective in developing value-added products and services for the life insurance and related industries. Our competitors, however, could succeed in commercializing applications of technology in a way that provides them with a competitive advantage, which could materially and adversely affect our prospects.

We intend to pursue new business models and business strategies in the insurance industry with M-Panel or similar technology. The M-Panel technology, however, has not yet been commercially applied in the manner we envision, and it is possible that we will incur losses as a result of these efforts. It is also possible that we will be unable to effectively commercialize M-Panel or similar technology, or unsuccessful in disrupting the life insurance industry. One or more competitors, however, may ultimately succeed in applying technology to the life insurance industry in a manner that provides them with a significant competitive advantage or that disrupts the marketplace. Any such outcome could have a material and adverse effect on our prospects, which could in turn materially and negatively affect our ability to successfully finance our business and satisfy our debts, including obligations under our L Bonds.

Fraudulent transfer statutes may limit your rights under GWG Life's guarantee of the L Bonds.

Obligations under our L Bonds will be fully and unconditionally guaranteed by our direct wholly owned subsidiary, GWG Life. The guarantee may be subject to review under various laws for the protection of creditors. It is possible that other creditors of GWG Life may challenge the guarantee as a fraudulent transfer under relevant federal and state laws. Under certain circumstances, including a finding that GWG Life was insolvent at the time its guarantee was issued, a court could hold that the obligations of GWG Life under the guarantee may be voided or are subordinate to other obligations of GWG Life, or that the amount for which GWG Life is liable under its guarantee of the L Bonds may be limited. Different jurisdictions define "insolvency" differently, and we cannot assure you as to what standard a court would apply to determine whether GWG Life was insolvent at the time it guaranteed obligations under the L Bonds. If a court were to determine that GWG Life was insolvent on the date on which it guaranteed the L Bonds, or that the guarantee constituted a fraudulent transfer on other grounds, then the claims of creditors of GWG Life would effectively have priority (with respect to GWG Life's assets and earnings) over the claims of L Bond holders.

Our controlling stockholders and principal executives are involved in litigation "clawback" claims, and it is possible that adverse outcomes from these claims could negatively affect us.

Our Chief Executive Officer, Jon R. Sabes, and our corporate secretary and Executive Vice President, Steven F. Sabes, who together beneficially own or control approximately 75% of our common stock, are subject to clawback litigation relating to loan payments made to Opportunity Finance, LLC. The litigation stems from loan payments received by Opportunity Finance, LLC (owned by Jon R. Sabes and Steve F. Sabes) from a borrower who filed for bankruptcy in 2008. The bankruptcy trustee alleges that loan repayments to Opportunity Finance were voidable transfers under preference or other legal theories and seeks to recover amounts for other creditors of the bankruptcy estate. Case No. 08-45257 (U.S. Bankruptcy Court District of Minnesota). Such loan repayments may ultimately be deemed to be voidable transfers under preference or other legal theories. To date, no claim has been made against us.

While we believe there are numerous meritorious defenses to the claims made by the bankruptcy trustee, and we are advised that the defendants in that action will vigorously defend against the trustee's claims, the defendants may not prevail. If the bankruptcy trustee were to succeed in any effort to sell or transfer the equity interests of Jon R. Sabes or Steven F. Sabes in our company as a result of the litigation, there could be a change in control of our company. Such an event could adversely affect holders of our L Bonds by reducing the number of shares of common stock of GWG Holdings that have been pledged as collateral security for our obligations under those securities. Finally, regardless of the outcome of this litigation, these matters may distract management and reduce the time and attention that they are able to devote to our business.

The loss of the services of our current executives or other key employees, or the failure to attract additional key individuals, would materially adversely affect our business operations and prospects.

Our financial success is significantly dependent upon the efforts of our current executive officers and other key employees. We have entered into employment agreements with Messrs. Jon R. Sabes and William B. Acheson. Nevertheless, there can be no assurance that these individuals will continue to provide services to us. A voluntary or involuntary termination of employment could have a materially adverse effect on our business operations if we were not able to attract qualified replacements in a timely manner. At present, we do not maintain key-man life insurance policies for any of these individuals. In addition, our success and viability is also dependent to a significant extent upon our ability to attract and retain qualified personnel in all areas of our business, especially our sales, policy acquisition, and financial management team. If we were to lose the members of these service teams, we would need to replace them with qualified individuals in a timely manner or our business operations and prospects could be adversely impacted.

We have no obligation to contribute to a sinking fund to retire the L Bonds, nor are the L Bonds guaranteed by any governmental agency.

We have no obligation to contribute funds to a sinking fund to repay principal or pay interest on the L Bonds upon maturity or default. The L Bonds are not certificates of deposit or similar obligations of, or guaranteed by, any depository institution. Further, no governmental entity insures or guarantees payment on the L Bonds if we do not have sufficient funds to make principal or interest payments.

We have the discretion to purchase assets, including life insurance assets, through different subsidiaries, and to transfer assets among our subsidiaries. Any decision to purchase or hold title to assets in one subsidiary, as opposed to a different subsidiary, may affect the value of collateral security for our obligation under the L Bonds.

We may at our discretion direct the purchase of policies by, and the sale of policies and other assets amongst, different subsidiaries of GWG Holdings. Purchases of assets in, or movements of assets amongst, different subsidiaries could affect the value of the collateral security for obligations under the L Bonds. For example, purchases through, or transfers of life insurance policies to, DLP IV would cause the policies acquired or transferred to become collateral for our senior credit facility with LNV/CLMG, whereas purchases through, or transfers of life insurance policies to, GWG Life would cause the policies acquired by GWG Life to become collateral for the L Bonds. Accordingly, purchases of assets through, or transfers of assets to, different subsidiaries may affect the value of collateral security for different classes of holders of our debt, including the L Bonds. In the case of a liquidation, any of these discretionary decisions may affect the value of, and amount you may ultimately be entitled to receive with respect to, your L Bonds.

We are an “emerging growth company” under federal securities laws, and the reduced reporting requirements applicable to emerging growth companies may make it more difficult to compare our financial statements to those of other issuers that are not emerging growth companies.

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 these reduced reporting requirements could make it more difficult for investors to compare our results of operations and financial condition with those of other companies that are not emerging growth companies.

We do not expect a market to exist that will enable you to sell your L Bonds.

Although we are a public reporting company that files information with the SEC, the L Bonds will not be readily resalable or transferable. No public market for the L Bonds exists and none is expected to develop. As a result, the transferability of the L Bonds will be limited. Accordingly, the purchase of L Bonds is not suitable for investors desiring liquidity at any time prior to the maturity of the L Bonds.

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We cannot know the tax implications of an investment in the L Bonds for the L Bond holder.

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 L Bonds. No information is provided concerning tax consequences under any other federal, state, local or foreign laws that may apply to the purchasers of the L Bonds. 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 L Bonds. 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 L Bonds. L Bond holders will receive an IRS Form 1099-INT in connection with their receipt of interest payments.

USE OF PROCEEDS

If all of the L Bonds are sold, we expect to receive up to approximately \$918.8 million of net proceeds from this offering after paying our estimated offering and related expenses and the estimated selling commissions and additional compensation consisting of the following:

- a dealer-manager fee payable to the dealer manager in an amount equal to 0.50% of the principal amount of all L Bonds sold;
- an accountable expense allowance to be paid to the selling group members, which may include due diligence expenses of the dealer manager and selling group members set forth in a detailed and itemized invoice and as further described below;
- wholesaling fees, which may consist of commissions and non-transaction based compensation of the wholesalers;
- non-cash compensation, which may consist of an occasional meal, a ticket to a sporting event or the theater, or comparable entertainment that is neither so frequent nor so extensive as to raise any question of propriety and is not preconditioned on achievement of a sales target, the national and regional sales conferences of our selling group members, training and education meetings for registered representatives of our selling group members, and permissible forms of non-cash compensation to registered representatives of our selling group members, such as gifts that do not exceed an aggregate value of \$100 per annum per registered representative and that are not pre-conditioned on achievement of a sales target, including but not limited to seasonal gifts; and
- up to a 1.00% reallowance to selling group members.

We expect the selling commissions and additional compensation to aggregate approximately \$80.0 million based on expected average selling commissions of \$60.0 million (5.00%), dealer-manager fees of \$5.0 million (0.50%), and additional expenses aggregating to \$25.0 million (2.50%), assuming the sale of all of the L Bonds.

Our dealer manager will enter into participating dealer agreements with certain other broker-dealers that are members of FINRA, referred to as “selling group members,” to authorize those broker-dealers to sell our L Bonds. As explained elsewhere in this prospectus, the maximum amount of commissions, dealer manager fees and additional compensation payable to the dealer manager and selling group members is 8.00% of the aggregate principal amount of L Bonds sold. Therefore, if all of the L Bonds were sold and the maximum commissions, dealer manager fees and additional compensation were paid, we estimate that the net proceeds to us, after paying our own estimated offering and related expenses, would be approximately \$918.8 million. Nevertheless, because we do not know the total principal amount of L Bonds 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 L Bonds that must be sold before we access investor funds. The exact amount of proceeds we receive may vary considerably depending on a variety of factors, including how long the L Bonds are offered.

Our goal is to use a majority of the net proceeds from the sale of L Bonds to purchase additional life insurance policy assets. The amount of proceeds we apply towards purchasing additional life insurance policy assets will depend, among other things, on how long the L Bonds are offered, the amount of net proceeds that we receive from the sale of L Bonds being offered, the existence and timing of opportunities to expand our portfolio of insurance policy assets, our cash needs for certain other expenditures (summarized below) we anticipate incurring in connection with this offering and in connection with our business, and the availability of other sources of cash (e.g., a senior credit facility). These certain other expenditures, listed in order of priority, include:

- servicing of life insurance assets (i.e., paying attendant life insurance policy premiums);
- paying principal at maturity, interest and fees to our lenders, including under a senior credit facility, previously issued L Bonds and the L Bonds offered hereby; and
- general working capital purposes.

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Our use of funds for general working capital purposes is expected to include, but not be limited to, expenditures such as (i) obtaining life expectancy reports, (ii) mortality tracking and (iii) legal and collections expenses, (iv) sales and marketing expenses, (v) general and administrative salary expenses, as well as (vi) tax liabilities, and (vii) interest rate caps, swaps or hedging instruments for our life insurance policy portfolio or our indebtedness.

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, among other things, how long the L Bonds are offered, the amount of net proceeds that we receive from the sale of L Bonds being offered, the existence and timing of opportunities to expand our portfolio of insurance policy assets, the availability of funds from other sources, including borrowings from a senior credit facility and cash generated from our life insurance assets, and certain other factors. We currently expect to allocate net offering proceeds (assuming the maximum amount of commissions, fees, allowances and any other items of selling compensation equal to 8.00% of the aggregate principal amount of L Bonds sold) as follows, based upon various assumed amounts of gross proceeds that we receive from the sale of L Bonds:

	Gross Offering Proceeds							
	\$ 1,000,000,000		\$ 750,000,000		\$ 500,000,000			
Net Offering Proceeds	918,800,000	100 %	688,800,000	100 %	458,800,000	100 %		
Purchase Policies	661,536,000	72 %	495,936,000	72 %	330,336,000	72 %		
Payment of Premiums	91,880,000	10 %	68,880,000	10 %	45,880,000	10 %		
Payment of Principal and Interest	119,444,000	13 %	89,544,000	13 %	59,644,000	13 %		
Other Expenditures	45,940,000	5 %	34,440,000	5 %	22,940,000	5 %		

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. The amount of payments for anticipated premiums and servicing costs that we will be required to make over the next five years to maintain our current portfolio, assuming no mortalities, is set forth in the table below:

Years Ending December 31,	Premiums	Servicing	Premiums and Servicing Fees
Three months ending December 31, 2017	\$ 16,915,000	\$ 1,587,000	\$ 18,502,000
2018	54,931,000	1,587,000	56,518,000
2019	60,916,000	1,587,000	62,503,000
2020	68,728,000	1,587,000	70,315,000
2021	77,522,000	1,587,000	79,109,000
2022	87,424,000	1,587,000	89,011,000
	\$ 366,436,000	\$ 9,522,000	\$ 375,958,000

Also as indicated above, we may use some of the net proceeds from this offering to pay principal amounts owing under previously issued L Bonds when such amounts become due and payable. The amount of such securities that we would repay with proceeds of this offering will depend on whether the holders of such notes 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 securities that mature within the first three years after the initial effective date of the registration statement of which this prospectus is a part (i.e., the maximum period of time during which we may offer securities under the registration statement). We presently do not intend to use any net proceeds

from this offering to repurchase outstanding L Bonds prior to their maturity.

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BUSINESS

Overview

We are a financial services company committed to finding new ways of transforming the life insurance through innovative products and services, business processes, financing strategies, and advanced epigenetic technology. Historically, we have focused on creating opportunities for consumers to maximize the value for their life insurance as compared to the traditional options offered by the insurance industry. As part of our business, we create opportunities for investors to receive income and capital appreciation from our various activities. More recently, we have focused on applying new epigenetic technology to the global life insurance industry.

The life insurance industry provides us with the opportunity to bring value to consumers and earn non-correlated yield by purchasing life insurance policy assets in the secondary market at a discount to the face value of the policy benefits. Once we purchase a life insurance policy asset, we continue to pay the premiums of the policy until we collect the policy benefit. This practice is disruptive to the life insurance industry since insurance carriers rely on consumer lapse and surrender behavior resulting in the forfeiture of policy benefits. From inception through September 30, 2017, we have purchased approximately \$2.6 billion in face value of policy benefits from consumers for over \$457.8 million, as compared to the \$33 million in surrender value offered by insurance carriers on those same policies. As such, we provide unique and valuable services that help life-insurance-owning consumers 65 years or older maximize their investments in their life insurance and meet their retirement financial needs.

By purchasing life insurance policy assets at a discount to the face value of the policy benefits, we have the opportunity to generate attractive investment returns that are not correlated to traditional financial markets. The potential to earn positive non-correlated yield from a portfolio of life insurance assets results from the positive difference between the (i) the face value of the policy benefits received; less (ii) the purchase price of the life insurance assets, plus the premiums and financing costs to maintain those assets. As of September 30, 2017, we owned a total of \$1.6 billion in face value of our life insurance policy benefits; and our total investment in our portfolio of life insurance assets, including the purchase price, attendant premiums and financing costs was \$610.1 million.

We seek to build a profitable and large portfolio of life insurance assets that is well diversified in terms of insurance companies and insureds. We believe that diversification is a key factor and risk mitigation strategy to provide consistent cash flows and reliable investment returns. Accordingly, we seek to grow our portfolio and achieve diversification through a variety of financings and securities products offered to investors. In addition, we have built a robust operational platform to work with financial advisors and insurance professionals to originate life insurance policy assets for purchase and assist consumers with the opportunity to maximize their investments in their life insurance.

More recently, we have made investments in technology to more accurately estimate human life expectancy. Our search for increased precision in estimating human life expectancy led us to a mortality predictive technology developed by Dr. Steve Horvath, a Professor of Human Genetics and Biostatistics at the University of California, Los Angeles (UCLA). In May 2017, we exclusively licensed from UCLA Dr. Horvath's "DNA Methylation Based Predictor of Mortality" technology or "M-Panel" technology. Our M-Panel technology is based upon a revolutionary new field of science known as "epigenetics." Our investments in M-Panel and related technologies are owned in our wholly owned subsidiary Life Epigenetics, Inc. This "insurtech" division is in the development process of commercializing epigenetic tests based upon the M-Panel Technology.

To grow our portfolio and achieve the diversification we seek, as well as to pursue additional opportunities in the life insurance industry through the use of technology, we offer investors the opportunity to potentially receive income and capital appreciation through a variety of financings and securities offerings.

We are dedicated to finding new ways of transforming the life insurance industry, both as it relates to our historical secondary life insurance business and now with the application of advanced epigenetic technology. Today, we provide consumers with the opportunity to maximize the value of their life insurance by disrupting the status quo of high policy lapse rates and low surrender values that life insurance carriers have enjoyed for years. In the future, we intend to disrupt the industry further by providing consumers with additional innovative products and services that benefit from the use of advanced epigenetic technologies, such as the M-Panel technology license. We believe this advanced epigenetic technology will permit us to reimagine the way in which risk is assessed, selected and priced in the life insurance industry, and possibly also the long-term care and annuity industries.

Our business was originally organized in February 2006. We added our current parent holding company, GWG Holdings Inc., in March 2008, and 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. conducts its life insurance related business through a wholly owned subsidiary, GWG Life, LLC, and GWG Life’s principal wholly owned subsidiary GWG DLP Funding IV, LLC (DLP IV). Both GWG Life and DLP IV are legally organized in Delaware. Life Epigenetics Inc. is a wholly owned subsidiary of GWG Holdings. 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 and the Life Insurance Secondary Market

The market for life insurance is large. According to the American Council of Life Insurers Fact Book 2016 (ACLI), individual consumers in the United States owned over \$10.3 trillion in face value of life insurance policy benefits in 2015. In that same year, the ACLI reports individual consumers purchased an aggregate of \$1.6 trillion of new life insurance policy benefits. This figure includes all types of life insurance, including term and permanent insurance known as whole life and universal life.

The secondary market for life insurance exists from consumer lapse behaviors and inadequate surrender values offered to consumers by the insurance carriers. The ACLI reports that the lapse and surrender rate for individual life insurance policies is 5.4%, amounting to over \$638.5 billion in face value of policy benefits lapsed and surrendered in 2015 alone. According to testimony by Gottlieb & Smetters, it is estimated that nearly 88% of all permanent universal life insurance policies sold in the United States do not result in the payment of a benefit claim.

We offer products and services in the life insurance secondary market to consumers, 65 years and older, who seek to maximize the value of their investment in their life insurance for their retirement financial needs. 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 products and services we offer. Our life insurance secondary market products and services address the convergence of three major trends: under-saving for retirement, longer life expectancies, and high and rising medical expenses.

In July 2017, the National Association of Insurance Commissioners (“NAIC”) issued a policy bulletin in support of the type of products we seek to provide as “innovative private market solutions for financing Americans’ long-term care needs.” The NAIC, citing our Company, discussed how consumers could exchange the market value of their life insurance policies for products designed to fund long-term care expenses. The use of a life insurance policy to generate resources to fund long-term care was pioneered by our Executive Vice President, Chris Orestis. Today, we are the only company in the life insurance industry that provides this innovative product to pay for long-term care expenses.

Research by Conning Research & Consulting (Conning) reports that the annual net market potential for life insurance policy benefits sold in the secondary market exceeded \$141 billion in face value of policy benefits in 2016. Of that market potential, Conning estimates that investors purchased approximately \$1.7 billion in face value of life insurance benefits in 2015, indicating that the market is dramatically underserved. With an aging demographic in the United States, Conning expects the net market potential to grow to an annual \$170 billion in face value of life insurance benefits by 2025. We share the belief that the life insurance secondary market represents both a dramatically underserved market and a significant long-term growth opportunity. We further believe that we are well positioned to address the market need.

Technology and the Life Insurance Industry

The opportunity to apply technology to transform the life insurance industry is significant. According to industry consultants at KPMG, Accenture, and Ernst & Young, there is a major movement afoot to transform the insurance industry through the use and application of advanced technologies. This movement, commonly referred to as “insurtech,” suggests a new era of disruptive entrants into the traditional insurance marketplace that have the potential to upend the insurance industry’s historical approach to assessing and selecting acceptable risks.

We intend to participate in the life insurance industry's insurtech movement through commercial applications using advanced epigenetic technology. Our initiative into the development and use of applications began in 2015 by working with Dr. Steve Horvath after he reported that human cells have an internal "biological age" and "biological clock" at the DNA molecular level that is indicative of the aging process. The study of chemical modifications of methylation levels to the DNA molecule or code (methylation-based bio-markers) that reveal aging, and upon which the M-Panel technology is based, is part of the epigenetics field. Epigenetics is the study of how the DNA molecule's instructions or code are modified as a result of environmental exposures and experiences. While the human DNA molecular code is essentially permanent throughout our lives, the expression of that code changes based upon numerous environmental factors. Epigenetics seeks to recognize conditions or patterns in methylation-based bio-markers that indicate the code has changed and what those changes mean to human biology. Dr. Horvath's epigenetic research has focused on looking at specific methylation-based bio-markers in order to study the determinants of aging and mortality.

In 2016, Dr. Horvath reported a discovery upon the completion of a statistical meta-analysis of over 13,000 individual DNA samples that was reported in the September 2016 issue of *Aging*. His research identified specific sets of DNA methylation-based bio-markers that was predictive of individual risk of all-cause mortality. We believe the implications of this discovery are simple and profound: individual lifespans can now be estimated with significantly greater precision across large groups of people. We have translated Dr. Horvath's technology into an actuarial underwriting methodology that we believe could prove revolutionary to traditional underwriting practices in the global life insurance industry. We are also seeking the discovery of additional methylation-based bio-markers that may be indicative of other changes in human biology and thereby be predictive of other environmental exposures and experiences. We are currently working to expand the application of predictive methylation-based bio-markers to influence and change traditional underwriting practices in the global life insurance industry.

Investors Seeking Yield from 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 and manage risk and volatility, and to obtain greater returns in the low interest rate environment that has persisted since 2008. According to research published by Goldman Sachs, retail investors are expected to shift a significant allocation of their investments towards alternative assets from a current average of 4% to the 20% allocation favored by institutional investors over the next five to ten years (see Goldman Sachs, *Retail Liquid Alternatives: The Next Frontier* (2013)).

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 reason 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 life insurance assets we own and the costs we incur to originate and finance those assets. We believe that we are uniquely positioned to acquire life insurance assets in the secondary market 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 those assets. In addition, upon our

implementation of M-Panel or other similar technology, we believe that we will be uniquely positioned to create even more opportunities for capital appreciation by obtaining a competitive edge in our current market space, and bringing innovative products and services to the global life insurance industry.

To participate and compete in, and expand, our markets, we spend significant resources: (i) recruiting and developing a professional management team; (ii) developing a robust operational platform, systems and strategy for originating life insurance policies; (iii) establishing strategic relationships for delivering the services we provide; (iv) creating opportunities for investors to participate in the yield and capital appreciation generated by the life insurance assets we own; (v) creating innovative growth opportunities to participate in the global life insurance industry through the use of epigenetic technology.

Originating Life Insurance Assets

We generally purchase life insurance assets in the secondary market directly from policy owners who purchased their life insurance in the primary market. Historically, we have purchased these life insurance policies 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. We typically attend and sponsor trade events where we maintain contacts and visibility among professionals who submit life insurance policies for our potential purchase.

A key strategic initiative of ours has been to expand our origination capabilities by marketing our products and services directly to consumers through financial professionals. Most recently, we focused these 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. We have built an extensive team capable of marketing our products and services directly to life insurance professionals. We expect to continue allocating considerable resources towards the development and support of our direct origination team. We believe these resources will be of particular value as we seek to expand our business into other, more conventional, insurance-related industries.

Underwriting and Purchasing Life Insurance Assets

We focus on investing in high quality life insurance assets through our origination practices and underwriting procedures. These practices and procedures strive to meet guidelines and methodologies published by rating agency A.M. Best. At the same time, we seek innovative value-added tools, services, and methodologies to improve both the accuracy and efficiency with which we acquire life insurance assets.

Our secondary market 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 (ten 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. As a result, our practices and procedures for small face policies may not meet the guidelines and methodologies published by the

rating agency A.M. Best. 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.

Our success with our Appointed Agent Program, and in designing and implementing small face policy underwriting procedures, has presented us with the opportunity to purchase a greater number of small face life insurance policies. We believe this opportunity is meaningful since the majority of life insurance policies outstanding are small face policies, and policy diversification is critical in obtaining normalized actuarial performance. Historically, however, small face policies have not been available to purchasers of life insurance policies because secondary market industry participants have significantly relied on life insurance brokers who are paid a commission determined as a percentage of the face value benefit of the purchased policy, to present purchase opportunities. Not surprisingly, because larger commissions are associated with larger face value life insurance policies, brokers have focused on larger policies and the industry has developed origination practices and underwriting procedures to accommodate such practices. As a result, the industry's traditional approaches to underwriting and purchasing life insurance assets are ill suited for small face policies. For example, procuring complete medical records, two separate life expectancy reports, and engaging in related activities, can be time consuming and expensive, and these same costs cannot be justified when purchasing smaller life insurance assets. In sum, our method is focused on obtaining enough medical information to generate reliable life expectancy estimates, and thereby make informed purchase decisions. Our streamlined procedures have made it possible to complete a preliminary underwriting in a number of days (as opposed to weeks), and complete the entire purchasing process in a number of weeks (as opposed to months).

We expect to further refine our underwriting processes for large- and small-face policies over time and, to the extent possible, use new technologies to enhance this process and our overall business. In 2015 we began an initiative to re-examine the way in which we approached underwriting. Our initiative included a review of new advanced medical technologies capable of predicting aging and related mortality more accurately than traditional methods.

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 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 our life insurance portfolio's performance over time. Accurately predicting an 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 predictions tend 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, the actual mortality of insureds) tend to cluster around the mean observation (i.e., 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 insurance to the lottery. Insurance carriers, for example, can be very certain of the number of insurance claims they can 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, and thereby expect to earn 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. 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, illustrating 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 are 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 622 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 mitigate risk and improve our profitability.

Portfolio Credit Risk Management. We rely on the payment of policy benefit claims by life insurance companies as our most significant source of cash flows over time. 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.

Approximately 96.5% of life insurance assets in our portfolio were issued by insurance companies with investment-grade credit ratings from Standard & Poor’s, as of September 30, 2017. Our largest life insurance company credit exposures and the 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	\$ 242,128,000	14.9	%	John Hancock Life Insurance Company (U.S.A.)	AA-
2	\$ 198,657,000	12.2	%	AXA Equitable Life Insurance Company	A+
3	\$ 182,827,000	11.3	%	Lincoln National Life Insurance Company	AA-
4	\$ 160,754,000	9.9	%	Transamerica Life Insurance Company	AA-
5	\$ 118,934,000	7.3	%	Metropolitan Life Insurance Company	AA-
6	\$ 61,025,000	3.8	%	American General Life Insurance Company	A+
7	\$ 57,293,000	3.6	%	Massachusetts Mutual Life Insurance Company	AA+
8	\$ 57,207,000	3.5	%	Pacific Life Insurance Company	AA-
9	\$ 53,106,000	3.3	%	Security Life of Denver Insurance Company	A
10	\$ 47,390,000	2.9	%	West Coast Life Insurance Company	AA-
	1,179,321,000	72.7	%		

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 since this information is part of the data we consider when valuing our portfolio of life insurance policies for our financial statements.

Name of Bond	Maturity	YTM		Duration (Years)	Bond S&P Rating
AXA 1.125%	5/15/2028	0.92	%	10.6	A
Manulife Finl 4.15%	3/4/2026	3.31	%	8.4	A
Lincoln National Corp Ind 3.625%	12/12/2026	3.42	%	9.2	A-
Amer Intl Grp 4.125%	2/15/2024	2.95	%	6.4	BBB+
Protective Life 7.375%	10/15/2019	2.06	%	2.0	A-
Metlife 3.048%	12/15/2022	2.52	%	5.2	A-

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Prudential Finl Inc Mtns Book 3.5%	5/15/2024	2.81	%	6.6	A
Average yield on insurance bonds		2.57	%	6.9	

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The table above indicates the current yields to maturity (YTM) for the senior bonds of selected life insurance carriers with durations, on average, that are similar to the weighted-average life expectancy estimates of our life insurance portfolio. As of September 30, 2017, the average yield to maturity of these bonds was 2.57%, which we believe reflects, in part, the financial market's judgment 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 ranks senior to all of their other financial obligations, such as the bonds they issue. 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. Thus, 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 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 to produce our expected future cash flows and conduct our probabilistic analysis was developed by the actuarial firm Milliman and is now owned by Modeling Actuarial Pricing Systems, Inc. ("MAPS"). The expected internal rate of return of our portfolio is based upon future cash flow forecasts derived from a probabilistic analysis of our policy benefits received in relation to our investment cost basis. As of September 30, 2017, the expected internal rate of return on our portfolio of life insurance assets was 10.55% based on our portfolio benefits of \$1.623 billion and our non-GAAP investment cost basis of \$610.1 million (including purchase price, premiums paid, and financing costs incurred to date).

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 10.50%, which is near to our expected internal rate of return of 10.55%. The stochastic analysis results also reveal that our portfolio is expected to generate an internal rate of return of 10.02% or better in 75% of all generated scenarios; and an internal rate of return of 9.59% 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 10.50% (currently our median, or 50th percentile, internal rate of return expectation) is expected to 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 significant negative events affecting our most significant risks, including but not limited to longevity and credit risk, and interest rate and financing risk, those investments will provide superior risk-adjusted returns 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 subsidiaries as of September 30, 2017, is summarized below:

Total portfolio face value of policy benefits	\$ 1,622,627,000
Average face value per policy	\$ 1,909,000
Average face value per insured life	\$ 2,135,000
Average age of insured (yrs.)*	81.7
Average life expectancy estimate (yrs.)*	6.9
Total number of policies	850
Number of unique lives	760
Demographics	

	74% Males;	
	26% Females	
Number of smokers	34	
Largest policy as % of total portfolio	0.82	%
Average policy as % of total portfolio	0.12	%
Average annual premium as % of face value	3.51	%
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* Averages presented in the table are weighted averages.

Our portfolio of life insurance policies, owned by our subsidiaries as of September 30, 2017, organized by the insured's current age and the associated policy benefits, is summarized below:

Min Age	Max Age	Policies	Policy Benefits	Wtd. Avg. Life Expectancy (yrs.)	Percentage of Total Number of Policies		Policy Benefits	
95	99	9	\$ 12,642,000	1.2	1.0	%	0.8	%
90	94	83	\$ 155,515,000	2.8	9.8	%	9.5	%
85	89	199	\$ 434,311,000	4.7	23.4	%	26.8	%
80	84	186	\$ 414,508,000	6.6	21.9	%	25.5	%
75	79	159	\$ 306,210,000	9.2	18.7	%	18.9	%
70	74	145	\$ 215,788,000	10.6	17.1	%	13.3	%
60	69	69	\$ 83,653,000	10.2	8.1	%	5.2	%
Total		850	\$ 1,622,627,000	6.9	100.0	%	100.0	%

Our portfolio of life insurance policies, owned by our subsidiaries as of September 30, 2017, organized by the insured's estimated life expectancy estimates and associated policy benefits, is summarized below:

Min LE (Months)	Max LE (Months)	Policies	Policy Benefits	Percentage of Total Number of Policies		Policy Benefits	
2	47	221	\$ 354,855,000	26.0	%	21.9	%
48	71	184	374,980,000	21.7	%	23.1	%
72	95	166	331,697,000	19.5	%	20.4	%
96	119	125	242,156,000	14.7	%	14.9	%
120	143	86	168,746,000	10.1	%	10.4	%
144	197	68	150,193,000	8.0	%	9.3	%
Total		850	\$ 1,622,627,000	100.0	%	\$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 primary disease categories within our portfolio that represent a concentration of over 10% are multiple, cardiovascular, and other which constitute 26.4%, 20.5%, and 12.9%, respectively, of the face amount of insured benefits of our portfolio as at September 30, 2017.

The complete detail of our portfolio of life insurance policies, owned by our subsidiaries as of September 30, 2017, 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.

**Life Insurance Portfolio Detail
(as of September 30, 2017)**

	Face Amount	Gender	Age (ALB) ⁽¹⁾	LE (mo.) ⁽²⁾	Insurance Company	S&P Rating
1	\$ 8,000,000	F	99	13	Massachusetts Mutual Life Insurance Company	AA+
2	\$ 1,100,000	M	97	15	Reliastar Life Insurance Company	A
3	\$ 184,000	M	96	32	Reliastar Life Insurance Company	A
4	\$ 219,000	M	96	32	Reliastar Life Insurance Company	A
5	\$ 1,500,000	F	96	18	Accordia Life and Annuity Company	A-
6	\$ 1,000,000	F	95	21	Transamerica Life Insurance Company	AA-
7	\$ 250,000	M	95	17	North American Company for Life and Health Insurance	A+
8	\$ 264,000	F	95	10	Lincoln Benefit Life Company	BBB+
9	\$ 125,000	F	95	2	Lincoln National Life Insurance Company	AA-
10	\$ 3,500,000	M	94	25	Reliastar Life Insurance Company	A
11	\$ 2,000,000	F				