GWG Holdings, Inc.
Form S-1/A
May 20, 2015

As filed with the Securities and Exchange Commission on May 20, 2015

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

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 1

FORM S-1

REGISTRATION STATEMENT

Under the Securities Act of 1933

GWG HOLDINGS, INC.

GWG LIFE, LLC

(Exact name of Registrant as specified in its charter)

Delaware	26-2222607
Delaware	20-4356955
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

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)

Paul D. Chestovich	Copies to:	James T. Seery
Maslon LLP	GWG Holdings, Inc.	LeClairRyan,
3300 Wells Fargo Center	Jon R. Sabes	A Professional Corporation
90 South Seventh Street	Chief Executive Officer	One Riverfront Plaza
Minneapolis, Minnesota 55402	220 South Sixth Street, Suite 1200	1037 Raymond Boulevard, 16th Floor
Tel: (612) 672-8200	Minneapolis, Minnesota 55402	Newark, New Jersey 07102

Tel: (612) 746-1944 Tel: (973) 491-3315

(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. ¨

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

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
L Bonds – Units	20,000	$ 1,000 (1)	$ 20,000,000	$ 2,324.00 (2)

(1) The L Bonds will be issued in “Units” of $1,000 in principal amount and in any whole or fractional Unit amounts.

(2) Registration fee is being paid herewith.

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 May 20, 2015

GWG HOLDINGS, INC.

20,000 Units of L Bonds

($20,000,000)

7.50%

Three-Year Maturity

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

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

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

We may call and redeem the entire outstanding principal and accrued but unpaid interest on any or all of the L Bonds at any time without penalty or premium. L Bond holders will have no right to put (that is, require us to redeem) any L Bond prior to the due date unless in the case of death, bankruptcy or total disability. In the event we agree to redeem L Bond upon the request of an L Bond holder—other than after death, bankruptcy or total disability of such holder—we may impose a redemption fee of 6% against the outstanding principal balance of the redeemed L Bond. This redemption fee will be subtracted from the amount paid.

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

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

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

Please read this prospectus before investing and keep it for future reference. We file annual, quarterly and current reports with the SEC. This information will be available free of charge by contacting us at 220 South Sixth Street, Suite 1200, Minneapolis, Minnesota 55402 or by phone at (612) 746-1944 or on our website at www.gwglife.com. The SEC also maintains a website at www.sec.gov that contains such information. We expect that delivery of the L Bonds will be made in book-entry form on or about , 2015.

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

Halen Capital Management, Inc. Axiom Capital Management, Inc.

The date of this prospectus is , 2015

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

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

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

(3) Net Proceeds to Company are calculated after deducting (i) selling commissions, (ii) additional compensation (consisting of the accountable expenses and a non-refundable advisory fee of $25,000), and (iii) our own offering expenses. We expect that our own offering expenses, consisting of legal, accounting, printing, mailing, registration, qualification and associated securities offering filing costs and expenses, will aggregate to approximately $400,000.

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

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GWG Holdings, Inc.

220 South Sixth Street, Suite 1200

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ABOUT THIS PROSPECTUS

We have prepared this prospectus as part of a registration statement that we filed with the SEC for our offering of L Bonds. The registration statement we filed with the SEC includes exhibits that provide more detailed descriptions of the matters discussed in this prospectus. You should read this prospectus, the related exhibits filed with the SEC, together with additional information described below under "Where You Can Find More Information." In this prospectus, we use the term "day" to refer to a calendar day, and we use the term "business day" to refer to any day other than Saturday, Sunday, a legal holiday or a day on which banks in New York City are authorized or required to close.

You should rely only on the information contained in this prospectus. Neither we nor the underwriters have authorized any other person to provide you with any information different from that contained in this prospectus or information furnished by us upon request as described herein. The information contained in this prospectus is complete and accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or sale of our L Bonds. This prospectus contains summaries of certain other documents, which summaries contain all material terms of the relevant documents and are believed to be accurate, but reference is hereby made to the full text of the actual documents for complete information concerning the rights and obligations of the parties thereto. Such information necessarily incorporates significant assumptions, as well as factual matters. All documents relating to this offering and related documents and agreements, if readily available to us, will be made available to a prospective investor or its representatives upon request.

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

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

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

INDUSTRY AND MARKET DATA

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

COVERED SECURITY

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

PROSPECTUS SUMMARY

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

Our Company

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

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

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

The market for the consumers we serve is large. According to the American Council of Life Insurers Fact Book 2014 (ACLI), individuals owned over $11.4 trillion in face value of life insurance policies in the United States in 2013. This figure includes all types of policies, including term and permanent insurance known as whole life, universal life, variable life, and variable universal life. The ACLI reports that the lapse and surrender rate of individual life insurance policies for 2013 was 5.7%, amounting to over $639 billion in face value of policy benefits surrendered in 2013 alone. These figures do not include group-owned life insurance, such as employer-provided life insurance, the market for which totaled over $8.2 trillion of face value of life insurance policies in the United States in 2013, which insurance policies exhibit similar lapse and surrender rates, according to the ACLI. Consumers owning life insurance generally allow policies to lapse or surrender the policies for a variety of reasons, including: (i) the life insurance is

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

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

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

We believe that we are uniquely positioned to capitalize on this opportunity by providing value-added services to the consumers we serve and new investment opportunities for investors, where both participants can profit. To participate and compete in our growing market, we have spent and intend to continue to spend significant resources: (i) developing a robust operational platform and systems for originating and purchasing life insurance policies; (ii) obtaining requisite licensure to participate in the life insurance secondary market; (iii) developing financing resources, strategies, and capabilities for servicing a large portfolio of life insurance policies; (iv) recruiting and developing a professional management team; and (v) establishing strategic relationships for delivering our services.

Since our formation in 2006, we have evaluated over 37,000 policies and acquired over $1.7 billion in face value of life insurance policy benefits in the secondary market. In 2008, after selling approximately $1 billion in face value of life insurance policy benefits, we adopted our current buy-and-hold strategy of investing in portfolio life insurance assets and offering investors the opportunity to finance our ownership of the portfolio. As of December 31, 2014, we owned approximately $779 million in face value of life insurance policy benefits with an aggregate cost basis (i.e., acquisition and related premiums and financing costs) of approximately $276 million.

Life Insurance Portfolio Summary

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

Total portfolio face value of policy benefits	$ 754,942,000
Average face value per policy	$ 2,577,000
Average face value per insured life	$ 2,817,000
Average age of insured (yrs.)	82.9
Average life expectancy estimate (yrs.)	6.48
Total number of policies	293

Number of unique lives	268	
Gender	68% Males; 32% Females	
Number of smokers	3	
Largest policy as % of total portfolio	1.32	%
Average policy as % of total portfolio	0.34	%
Average annual premium as % of face value	3.35	

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All of our services are premised on financial and actuarial modeling that assigns a present value to the face value of an insurance policy benefit. In this regard, the value we assign to a life insurance asset in the secondary market is primarily a function of: (i) the face value of the life insurance policy or portion thereof we may wish to acquire; (ii) the estimated life expectancy of the individual insured under the policy; (iii) the premiums expected to be paid over the life of the insured; (iv) market competition from other purchasers in the secondary market; and (v) the particular underwriting characteristics of the policy, relative to the characteristics of our portfolio of life insurance assets as a whole.

The types of policies we typically, but not always, acquire are universal life insurance policies. Universal life insurance is a type of permanent life insurance in which premium payments above the cost of insurance are credited to the "cash value" of the policy. The cash value is credited each month with interest based on the terms of the insurance policy agreement. If a universal life insurance policy were to lapse, the insured or other owner of the policy would nonetheless have a right to receive the "cash surrender value" of the policy. The cash surrender value is the cash value of the policy, less any surrender charges imposed by the insurance company on a cash value distribution. Our services provide greatest value to a consumer when the actuarial value of the life insurance policy benefit exceeds the cash surrender value of the policy—which is often the case. We also provide services to consumers who own term life insurance. Unlike permanent universal life insurance, term life insurance does not have a cash value associated with it. Nevertheless, most term insurance policies permit the policy to be converted into permanent universal life insurance. In the future, we may consider offering services in conjunction with variable universal life insurance, which differs from universal insurance in that the "variable" component of the policy involves the ownership of securities inside the policy. Regardless of the type of policy, we generally seek to purchase life insurance policies issued by rated life insurance carriers with investment grade credit ratings by Standard & Poor's (AAA through BBB-), Moody's (Aaa through Baa3), or A.M. Best Company (aaa through bbb). As of December 31, 2014, over 97.81% of life insurance policies in our portfolio were issued by companies rated "BBB-" or better under Standard & Poor's rating system.

Before acquiring a life insurance asset, we value the related life insurance policy by conducting an underwriting review. Our present underwriting review process generally involves obtaining two life expectancy estimates on each insured from third-party medical-actuarial firms, and then averaging these two estimates. On occasion, we may obtain more than two life expectancy estimates, in which case we average the two life expectancy estimates that we believe are the most reliable, 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 estimates we obtain. From time to time and as permitted by applicable borrowing covenants, we may modify our underwriting review process. For example, in anticipation of our planned marketing efforts, we recently changed our definition of a "small face policy" as a policy having a face value equal to or less than $1,000,000 in policy benefits. Prior to this change, a small face policy was one having a face value equal to or less than $250,000. For small face policies, rather than obtaining life expectancy estimates from third-party medical-actuarial firms, we may employ a modified underwriting review process involving the use of a combination of standard mortality tables, actuarial or medical consultants, and our own analysis to develop a life expectancy estimate for an insured.

We generally transact directly with the policy owner who originally purchased the life insurance in the primary market. Historically, we have purchased policies in the secondary market through a network of life insurance agents, life insurance brokers, and licensed providers who assist policy owners in accessing the secondary market. We expect to expand our origination practice by marketing directly to consumers through various marketing initiatives.

We have built our business on what we believe to be the following competitive strengths:

• Industry Experience: We have actively participated in the development of the secondary market of life insurance as a principal purchaser and financier within the asset class since 2006. Our position within the marketplace has allowed us to gain a deep understanding of the life insurance secondary market. We have participated in the leadership of various industry associations and forums, including the Life Insurance Settlement Association (LISA) and the Insurance Studies Institute (ISI). Our experience gives us confidence to compete in the industry and acquire a portfolio of life insurance policies that will perform to our expectations.

- Operational Platform: We have built and continue to refine and develop both an operational platform and systems for efficiently tracking, processing, and servicing life insurance policies that we believe provide competitive advantages when participating in the life insurance secondary marketplace.

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• Origination and Underwriting Practices: We seek to use underwriting review processes and file documentation standards that generally meet published guidelines for rated securitizations of life insurance portfolios. We purchase life insurance policies we consider to be non-contestable and that meet our underwriting criteria and reviews. We consider a life insurance policy to be “non-contestable” once applicable state law prohibits the insurer from challenging the validity of the policy due to fraud. In this regard, state non-contestability laws generally require a period of one to two years to elapse after the initial issuance of the policy before that policy is considered non-contestable. Non-contestability laws do not, however, prevent an insurer from challenging the validity of a policy procured by fraud for lack of an insurable interest at the time at which the policy was purchased, such as is the case with so-called “stranger-originated” life insurance policies. To the extent we use modified methodologies for estimating life expectancies for small face policies, those modified methodologies may not meet published guidelines for rated securitizations of life insurance portfolios.

• Origination Relationships and Strategies: We have established origination relationships with life insurance policy brokers and insurance agents who submit policies for our purchase or financing. Our referral base knows our underwriting standards for purchasing life insurance policies in the secondary market, which gives us confidence in our bidding and closing processes and streamlines our own due-diligence process. We expect to expand our origination methodology and channels with the proceeds of this offering (e.g., the addition of direct-to-consumer marketing).

• Life Expectancy Methodology: We generally rely on two life expectancy estimates obtained from independent third-party medical-actuarial underwriting firms to arrive at a life expectancy estimate we use for valuing a life insurance asset. For a majority of our life insurance asset purchases, we rely on estimates obtained from 21st Services and AVS Underwriting to develop our life expectancy estimate. We may, however, also obtain and use life expectancy estimates from other medical-actuarial underwriting firms. As explained above, we may from time to time modify our underwriting review processes, including our methodology for arriving at life expectancy estimates we use in ascribing value to a life insurance asset.

• Pricing Software and Methodology: To calculate our expected returns on the investments we make in life insurance assets, we use actuarial pricing methodologies and software tools built by a leading independent actuarial service firm and currently supported by Modeling Actuarial Pricing Systems, Inc. (“MAPS”).

• Financing Strategy: We have actively developed a diversified financing strategy for accessing capital markets in support of our buy-and-hold strategy for our portfolio of life insurance policies, ranging from institutional bank financing to a network of broker-dealers registered with the Financial Industry Regulatory Authority (“FINRA”), many of whom have participated in one or more of our Series I Secured Note financing, our Series A Preferred Stock financing, or our offers and sales of L Bonds (including L Bonds originally issued under the name “Renewable Secured Debentures” and renamed “L Bonds,” and L Bonds being sold primarily to retail investors in an ongoing continuous offering). If in the future we decide to offer different kinds of investment products, we expect to leverage the network of broker-dealers that we have built over time.

Our business involves a number of challenges and risks described in more detail elsewhere in this prospectus, including the following:

• Relatively New Market: Investing in life insurance assets in the secondary market is a relatively new and evolving market. Our ability to source and invest in life insurance assets at attractive prices materially depends on the continued growth of the secondary market for life insurance and the continued solvency of the life insurance companies that pay the face value of life insurance policy benefits.

• Asset Valuation Assumptions: The valuation of our portfolio life insurance assets—the principal asset on our balance sheet—requires us to make material assumptions that may ultimately prove to be incorrect. These assumptions include appropriate discount rates, cash flow projections, and the life expectancy estimates we use for these purposes, any of which may ultimately prove to be inaccurate.

• Ability to Expand Our Portfolio: Our business model requires us to achieve actual results that are in line with those we expect to attain from our investments in life insurance assets. In this regard, we believe that the larger the portfolio of life insurance assets we own, the greater likelihood there is that we will achieve results matching our expectations. Although we plan to expand the number of investments in life insurance assets using proceeds from the sale of our L Bonds, we may be unable to meet this goal. Furthermore, even if we successfully grow our portfolio of life insurance assets, we nevertheless may not achieve the results we expect.

- Reliance on Financing: We have chosen to finance our business almost entirely through the issuance of debt, including the sale of L Bonds in this offering and an ongoing continuous offering, previously issued L Bonds, Series I Secured Notes, and our use of a senior secured revolving credit facility. Our business model expects that we will have continued access to financing (including financing to expand or replace our existing financing) in order to purchase and finance a large and diversified portfolio of life insurance assets, and thereafter pay the attendant premiums and financing costs of maintaining that portfolio. We will be required to rely on our access to financing to pay premiums and interest until such time as we experience a significant amount of mortality within our portfolio and begin receiving significant revenues from the receipt of life insurance policy benefits. Even if we obtain the financing we require, we may not receive life insurance policy benefits that match our cash flow projections or meet them in time to earn profits after the payment of financing costs.

- Risk of Investment in Life Insurance Assets: Our investments in life insurance assets have inherent risks, including fraud and legal challenges to the validity of the life insurance policies. Examples of fraud include the possibility that the seller of a policy may have provided us with inaccurate or misleading information during the underwriting review process.

- Effects of Regulation: Our business is subject to complex state and federal regulation. Changes in state or federal laws and regulations governing our business, or changes in the interpretation of such laws and regulations, could materially and negatively affect our business.

Our business also involves certain other challenges and risks described in the “Risk Factors” section of this prospectus.

Recent Developments

Subsequent to December 31, 2014, we have recognized $29,375,000 of face value of policies maturing. Subsequent to December 31, 2014, we also have sold approximately an additional $37,131,973 in principal amount of L Bonds through May 15, 2015. The foregoing amounts are inclusive of the policy maturities and recent sales discussed in Note 17 Subsequent Events of the Notes to the Consolidated Financial Statements.

Implications of Being an “Emerging Growth Company”

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

- are not required to obtain an attestation and report from our auditors on our management’s assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002;

- are not required to provide a detailed narrative disclosure discussing our compensation principles, objectives and elements and analyzing how those elements fit with our principles and objectives (commonly referred to as “compensation discussion and analysis”);

- are not required to obtain a non-binding advisory vote from our stockholders on executive compensation or golden parachute arrangements (commonly referred to as the “say-on-pay,” “say-on-frequency” and “say-on-golden-parachute” votes);

- are exempt from certain executive compensation disclosure provisions requiring a pay-for-performance graph and CEO pay ratio disclosure;

- may present only two years of audited financial statements and only two years of related Management’s Discussion & Analysis of Financial Condition and Results of Operations, or MD&A; and

- are eligible to claim longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act.

We intend to take advantage of all of these reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act. Our election to use the phase-in periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the phase-in periods under §107 of the JOBS Act. Please see “Risk Factors,” page 14 (“We are an ‘emerging growth company’. . . .”).

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

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

Corporate Organization

Our business was organized in February 2006. As a parent holding company, GWG Holdings was incorporated on March 19, 2008, as a limited liability company. On June 10, 2011, GWG Holdings converted from a Delaware limited liability company to a Delaware corporation through the filing of statutory articles of conversion. In connection with the conversion, each class of limited liability company membership interests in GWG Holdings, LLC was converted into shares of common stock of GWG Holdings, Inc. Our corporate structure, including our principal subsidiaries, is as follows:

GWG Life, LLC (a Delaware limited liability company formerly known as GWG Life Settlements, LLC), is a licensed life settlement provider and the guarantor of the obligations of GWG Holdings under our previously issued L Bonds. GWG DLP Funding II, LLC (a Delaware limited liability company), or DLP Funding II, and GWG DLP Funding III LLC (a Delaware limited liability company), or DLP Funding III, are each wholly owned special-purpose subsidiaries owning life insurance policies and are the borrowers under our revolving line of credit from Autobahn/DZ Bank. The life insurance assets owned by DLP Funding II are held in the GWG DLP Master Trust II (a Delaware statutory trust). The trust exists solely to hold the collateral security (i.e., life insurance policies) granted to Autobahn/DZ Bank under our revolving line of credit. DLP Funding II is the beneficiary under that trust.

On June 24, 2014, we effected a 1-for-2 share combination (reverse stock split) of our issued and outstanding common stock. Unless otherwise expressly indicated herein, all common share figures contained in this prospectus have been adjusted to reflect the effectiveness of this share combination.

On September 24, 2014, we consummated an initial public offering of our common stock that involved the listing of our common stock on The Nasdaq Capital Market effective September 25, 2014.

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

The Offering

Issuer	GWG Holdings, Inc.
Indenture Trustee	Bank of Utah
Paying Agent	Corporate Stock Transfer, Inc.
Securities Offered	We are offering up to 20,000 Units of L Bonds ("L Bonds"), with each whole Unit representing $1,000 in principal amount of L Bonds. In contrast to our separate publicly registered continuous offering of L Bonds, our offers of L Bonds in this offering will be primarily targeted to institutional investors and sales will be consummated solely by means of DTC (Depository Trust Company) settlement through participating broker-dealers.
Best Efforts	We have agreed to sell the L Bonds offered hereby to the public through the underwriters, and the underwriters have agreed to offer and sell the L Bonds, on a best efforts basis. The underwriters are not required to sell any specific number or dollar amount of the L Bonds offered hereby, but will use their best efforts to sell such L Bonds.
Method of Purchase	We will sell L Bonds solely using DTC settlement. For more information, see "Underwriting."
Denomination	L Bonds may be purchased in any number of whole or fractional 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."
Maturity	We are offering L Bonds with a three-year maturity under this prospectus.
Interest Rates	The interest rate of the L Bonds offered hereby is 7.50% per annum, and will be re-established at the time of your renewal, based upon the rates we are offering in the prospectus we furnish you for such purpose. Other than a potential change in the rate of interest at the time of renewal, the rate of interest under an L Bond will remain fixed throughout the term of that L Bond.
Interest Payments	We will pay interest on the L Bonds on a monthly basis. Interest will accrue from the effective date of the L Bond. 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 to your brokerage or custodial account through DTC.

Renewal or Redemption at Maturity	Upon maturity, the L Bonds will be automatically renewed for an additional three-year term at the interest rate we are offering at that time, unless repaid upon maturity at our or your election. In this regard, we will notify the registered holder (the depositary) at least 30 days prior to the maturity date of your L Bonds, and the depositary will thereupon notify your broker-dealer or custodian from whom you will receive the notice. 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.

Notwithstanding the foregoing, we expect that the renewal of L Bonds may require us to file a new registration statement covering the sale event involved in the renewal transaction (unless an exemption from registration is then available to us). 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.

As explained above, the interest rate upon renewal of an L Bond 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. 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. Upon any renewal, your L Bond will thereupon have a new three-year term. 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 disability. 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, we may 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 the approximately $26.9 million in principal amount of Series I Secured Notes previously issued by our subsidiary GWG Life outstanding as of March 31, 2015, and previously issued L Bonds, of which approximately $208.7 million in principal amount is outstanding as of March 31, 2015 (see the caption "—Collateral Security" below);

- structurally junior to the present and future obligations owed by our subsidiaries DLP Funding II and DLP Funding III under our current revolving credit facility with Autobahn/DZ Bank (including the approximately $72.2 million outstanding under such facility as of March 31, 2015), and structurally or contractually junior to any future obligations that DLP Funding II, DLP Funding III or 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 Funding II and DLP Funding III, 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 offered hereby, the holders of all previously issued L Bonds and L Bonds issued in the future, and the holders of Series I Secured Notes previously issued by GWG Life, together with the holders of any later-created class of "pari passu debt" of ours, will generally be treated equally and without preference. We expect to continue our offering of Series I Secured Notes and previously issued L Bonds for purposes of processing renewals only, and any such debt issued on a pari passu basis in the future would also be treated equally and without preference in respect of the L Bonds and any secured debt issued by GWG Life. 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 is fully and unconditionally guaranteed by GWG Life. This guarantee, together with the accompanying grant of a security interest in all of the assets of GWG Life and the terms and conditions of an intercreditor agreement, makes the L Bonds pari passu, with respect to payment and collateral, with the Series I Secured Notes issued by GWG Life and the previously issued (and future issued) L Bonds issued by GWG Holdings. On March 31, 2015, there was approximately $26.9 million in outstanding principal amount owed on the Series I Secured Notes and approximately $208.7 million in outstanding principal amount of previously issued 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. The majority of our life insurance assets are presently held in our subsidiary DLP Funding II LLC, its associated master trust and our subsidiary DLP Funding III. The L Bonds' security interest will be structurally subordinate to the security interest in favor of our senior secured lender under the revolving credit facility, together with any future senior secured lenders of ours. The assets of GWG Life, including proceeds it receives as distributions from DLP Funding II and DLP Funding III and derived from the insurance policies owned by those entities, are collateral for GWG Life's guarantee of the repayment of principal and interest on the L Bonds. As indicated above under "Collateral," this security interest will be pari passu to other issued and outstanding debt of GWG Life and GWG Holdings, including our Series I Secured Notes and previously issued (and future issued) L Bonds, respectively. The L Bonds are also secured by a pledge of a majority of our outstanding common stock from our largest stockholders, which pledge is pari passu with the pledge of such common stock to the holders of Series I Secured Notes issued by GWG Life and to the holders of previously issued (and future issued) L Bonds. For a description of the meaning of the term "pari passu," please refer to the caption "Ranking" above.

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 cost of capital for all our indebtedness for the prior month.

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	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 Indenture—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 $18.05 million of net proceeds from this offering after paying selling commissions and underwriters' accountable expenses, including legal fees, and after paying our own offering expenses. There is no minimum amount of L Bonds that must be sold before we access investor funds. We intend to use a substantial majority of the net proceeds from this offering to invest in and service life insurance policies assets. We intend to use the remaining balance of the net proceeds from this offering for certain other expenditures we anticipate incurring in connection with this offering and in connection with our business. 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."
Global Certificate	The L Bonds will be issued in the form of a global certificate deposited with a depositary. 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.
Risk Factors	An investment in the L Bonds involves significant risks, including the risk of losing your entire investment. Importantly, we maintain a senior borrowing arrangement that subordinates the right to payment on, and shared collateral securing, the L Bonds to our senior secured lender. From time to time we may add or replace senior lenders and the particular arrangements under which we borrow from them. In addition, these borrowing arrangements with senior lenders restrict, and are expected to continue to restrict, our cash flows and,

subject to certain exceptions, distributions from our operating subsidiaries. These provisions will restrict cash flows available for 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 14.

RISK RELATING TO FORWARD-LOOKING STATEMENTS

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

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

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

We base these forward-looking statements on current expectations and projections about future events and the information currently available to us. Although we believe that the assumptions for these forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Consequently, no representation or warranty can be given that the estimates, opinions, or assumptions made in or referenced by this prospectus will prove to be accurate. Some of the risks, uncertainties and assumptions are identified in the discussion entitled “Risk Factors” in this prospectus. We caution you that the forward-looking statements in this prospectus are only estimates and predictions, or statements or 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 the L Bonds involves a high degree of risk. Before purchasing L Bonds, you should carefully consider the following risk factors in conjunction with the other information contained in this prospectus. The risks discussed in this prospectus can materially harm our operations, operating results, financial condition or future results. If any of these risks materialize or occur, the value of our L Bonds could decline and could cause you to lose part or all of your investment. You should review the risks of this investment with your legal and financial advisors prior to purchasing L Bonds.

Risks Related to Our Business and Industry

Material changes in the life insurance secondary market, a relatively new and evolving market, may adversely affect our operating results, business prospects and our ability to repay our debt obligations.

Our sole business is the purchase and ownership of life insurance policies acquired in the secondary market, which is a relatively new and evolving market. The success of our business and our ability to satisfy our debt obligations depends in large part on the continued development of the secondary market for life insurance, including the solvency of life insurance companies to pay the face value of the life insurance benefits, both of which will critically impact the performance of the life insurance policy assets we own. We expect that the development of the secondary market will primarily be impacted by a variety of factors such as the interpretation of existing laws and regulations (including laws relating to insurable interests), the passage of new legislation and regulations, mortality improvement rates, and actuarial understandings and methodologies. Importantly, all of the factors that we believe will most significantly affect the development of the life insurance secondary market are beyond our control. Any material and adverse development in the life insurance secondary market could adversely affect our operating results, our access to capital, our ability to repay our various debt and other obligations, and our business prospects and viability. Because of this, an investment in our securities generally involves greater risk as compared to investments offered by companies with more diversified business operations in more established markets.

We have a relatively limited history of operations and our earnings and cash flows may be volatile, resulting in uncertainty about our ability to service and repay our debt when and as it comes due.

We are a company with a limited history, which makes it difficult to accurately forecast our earnings and cash flows. During the year ended December 31, 2014, we incurred a net loss of $6.0 million, and in the year ended December 31, 2013, we incurred a net loss of $0.2 million. Our net income for the three months ended March 31, 2015 was $3.3 million. Our lack of a significant history and the evolving nature of the market in which we operate make it likely that there are risks inherent in our business that are yet to be recognized by us or others, or not fully appreciated, and that could result in us earning less than we anticipate or even suffering further anticipated or unanticipated losses. As a result of the foregoing, an investment in our securities necessarily involves uncertainty about the stability of our earnings, cash flows and, ultimately, our ability to service and repay our debt.

The valuation of our principal assets on our balance sheet requires us to make material assumptions that may ultimately prove to be incorrect. In such an event, we could suffer significant losses that could materially and adversely affect our results of operations and eventually cause us to be in default of restrictive covenants contained in our borrowing agreements.

Our principal asset is a portfolio of life insurance policies purchased in the secondary market, comprising approximately 79% of our total assets at March 31, 2015, approximately 88% of our total assets at December 31, 2014 and 85% of our total assets at December 31, 2013. Those assets are considered “Level 3” fair value measurements under ASC 820, *Fair Value Measurements and Disclosures*, since there is currently no active market where we are able to observe quoted prices for identical assets. As a result, our valuation of those assets on our balance sheet incorporates significant inputs that are not observable. Fair value is defined as an exit price representing the amount that would be received if assets were sold or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

A Level 3 fair value measurement is inherently uncertain and creates additional volatility in our financial statements that is not necessarily related to the performance of the underlying assets. As of December 31, 2014 and 2013, we estimated the fair value discount rate for our portfolio to be 11.43% and 11.69%, respectively. As of March 31, 2015, we estimated the fair value discount rate for our portfolio to be 11.38%. If in the future we determine that a higher discount rate is required to ascribe fair value to a similarly situated portfolio of life insurance policies, we could experience significant losses materially affecting our results of operations. It is also possible that significant losses of this nature could at some point cause us to fall out of compliance with borrowing covenants contained in our various borrowing agreements. This could result in acceleration of our loan balances under the revolving credit facility or other debt securities, such as our Series I Secured Notes and our L Bonds, which we may not be able to repay. As a result, we may be forced to seek additional debt or equity financing to repay such debt amounts, and additional financing may not be available on terms acceptable to us, if at all. If we are unable to repay our debt when it comes due, then our senior lender or the holders of our Series I Secured Notes and L Bonds, or both, would have the right to foreclose on our assets, subject to certain subordination covenants benefitting our senior lender.

We report non-GAAP financial measures to our lender under our revolving credit facility pursuant to financial covenants in the related borrowing documents. This presents operating results not subject to the valuation volatility associated with the discount rate we choose, thus presenting the actuarial performance we expect within our portfolio of life insurance policies at the expected internal rate of return against the costs we incur over the same period. Nevertheless, our reported GAAP earnings may in the future be volatile for reasons that do not bear an immediate relationship to the cash flows we experience.

For further disclosure relating to the risks associated with the valuation of our assets, see the risk factor below “If actuarial assumptions we obtain from third-party providers . . . ..”

Actual results from our life insurance portfolio may not match our expected results, which could adversely affect our ability to service and grow our portfolio for diversification.

Our business model relies on achieving actual results that are in line with the results we expect to attain from our investments in life insurance policy assets. In this regard, we believe that the larger the portfolio we own, the greater the likelihood that we will achieve our expected results. To our knowledge, rating agencies generally suggest that portfolios of life insurance policies be diversified enough to achieve actuarial stability in receiving expected cash flows from underlying mortalities. For instance, in a study published in 2012, A.M. Best concluded that at least 300 lives are necessary to narrow the band of cash flow volatility and achieve actuarial stability, while Standard & Poor’s has indicated that stability is unlikely to be achieved with a pool of less than 1,000 lives. As of March 31, 2015, we owned approximately $755 million in face value of life insurance policies covering 268 lives. Accordingly, while there is a risk with a portfolio of any size that actual yield may be less than expected, we believe that the risk we face is presently more significant given the size of our current portfolio as compared to rating agency recommendations.

Although we plan to expand the number of life insurance policies we own using proceeds raised from our continuous offering of L Bonds and the L Bonds offered hereby, we may be unable to meet this goal if sufficient financing from capital sources is not available or is available only on unfavorable or unacceptable terms. Furthermore, even if our portfolio reaches the size we desire, we still may experience differences between the actuarial models we use and actual mortalities.

Differences between our expectations and actuarial models on the one hand, and actual mortality results on the other hand, could have a materially adverse effect on our operating results and cash flow. In such a case, we may face liquidity problems, including difficulties servicing our remaining portfolio of policies and servicing our outstanding debt obligations. Continued or material failures to meet our expected results could decrease the attractiveness of our securities in the eyes of potential investors making it even more difficult to obtain capital needed to service our portfolio, grow the portfolio to obtain desired diversification, and service our existing debt.

We critically rely on debt financing for our business. Any inability to borrow could adversely affect our business operations, our ability to satisfy our obligations under the debentures and, ultimately, our viability.

To date, we have chosen to finance our business principally through the issuance of debt, including debt incurred by DLP Funding II and DLP Funding III under a senior revolving credit facility provided by Autobahn/DZ Bank (which we refer to throughout this prospectus as our "revolving credit facility"), our Series I Secured Notes and our L Bonds. Our revolving credit facility is secured by all of the assets of DLP Funding II, had a maximum amount of $100 million at March 31, 2015 (which has been increased to $105 million effective as of May 11, 2015), and an outstanding balance at March 31, 2015 of approximately $72 million. Obligations under the revolving credit facility have a scheduled maturity date of June 30, 2018 (reflecting an amendment and restatement effective as of May 11, 2015), and obligations under our Series I Secured Notes and L Bonds have scheduled maturities as

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indicated below in the risk factor "*If a significant number of holders . . . .,* " Our debt arrangements comprise the most important sources of financing on which our business critically relies to grow our portfolio life insurance policies and maintain those policies.

Our business model expects that we will have continued access to financing to enable us to purchase a large and diversified portfolio of life insurance policies and pay the attendant premiums and costs of maintaining the portfolio, all while satisfying our current interest and principal repayment obligations under our revolving credit facility and other indebtedness. We expect to refinance our revolving credit facility, either through renewal or replacement, when it comes due on June 30, 2018. Pending the due date or refinancing of our revolving credit facility, we expect that proceeds from our life insurance policies will first be used to satisfy our obligations under that facility, as required by the agreement governing the revolving credit facility. Accordingly, until we achieve sufficient cash flows derived from the portfolio of life insurance assets, we expect to rely on the proceeds from our ongoing offering of L Bonds and L Bonds offered hereby to satisfy our ongoing financing and liquidity needs. Nevertheless, continued access to financing and liquidity under the revolving credit facility or otherwise is not guaranteed. For example, general economic conditions could limit our access to financing, as could regulatory or legal pressures exerted on us, our financiers, or those involved in our general plan of financing such as brokers, dealers, and registered investment advisors. If we are unable to borrow under the revolving credit facility or otherwise for any reason, or to renew or replace the revolving credit facility when it comes due in June 2018, our business would be adversely impacted and our ability to service and repay our obligations would be compromised.

Our investments in life insurance policies have inherent risks, including fraud and legal challenges to the validity of the policies, which we will be unable to eliminate and which may adversely affect our results of operations.

When we purchase a life insurance policy, we underwrite the purchase of the policy to mitigate certain risks associated with insurance fraud and other legal challenges to the validity of the policy. For example, to the extent the insured is not aware of the existence of the policy, the insured does not exist, or the insurance company does not recognize the policy, the insurance company may cancel or rescind the policy thereby causing the loss of an investment in that policy. In addition, if an insured's medical records have been altered in such a way as to shorten a life expectancy as reported, this may cause us to overpay for the related policy. Finally, we may experience legal challenges from insurance companies claiming that the insured failed to have an insurable interest at the time the policy was originally purchased or that the policy owner made fraudulent disclosures to the insurer at the time the policy was purchased (e.g., disclosures pertaining to the health status of the insured or the existence or sources of premium financing), or challenges from the beneficiaries of an insurance policy claiming, upon mortality of the insured, that the sale of the policy to us was invalid.

To mitigate these risks, we require a current verification of coverage from the insurance company, complete a due-diligence investigation of the insured and accompanying medical records, review the life insurance policy application, require a policy to have been in force for at least two years before purchasing, and require a legal review of any premium financing associated with the life insurance policy to determine an appropriate insurable interest existed. Nevertheless, we do not expect that these steps will eliminate the risk of fraud or legal challenges to the life insurance policies we purchase. Furthermore, changes in laws or regulations or the interpretation of existing laws or regulations, may prove our due-diligence and risk-mitigation efforts inadequate if policies within our portfolio are successfully challenged. These changes or alterations in interpretation may inhibit our ability to purchase new policies with confidence. If a significant face amount of policies were invalidated for reasons of fraud or any other reason, our results of operations would be adversely affected, perhaps materially.

Every acquisition of a life insurance policy necessarily requires us to materially rely on information provided or obtained by third parties. Any misinformation or negligence in the course of obtaining information could materially and adversely affect the value of the policies we own.

The acquisition of each life insurance policy is negotiated based on variables and particular facts that are unique to the life insurance policy itself and the health of the insured. The facts we obtain about the policies and the insured at the time at which the policy is applied for and obtained are based on factual representations made to the insurance company by the insured, and the facts the insurance company independently obtains in the course of its own due-diligence examination, such as facts concerning the health of the insured and whether or not there is an insurable interest present when the policy was issued. Any misinformation or negligence in the course of obtaining information relating to an insurance policy or insured could materially and adversely impact the value of the life insurance policies we own and could, in turn, adversely affect our financial condition, results of operations, and the value of any investment in our securities.

Our business is subject to state regulation and changes in state laws and regulations governing our business, or changes in the interpretation of such laws and regulations, could negatively affect our business.

When we purchase a life insurance policy, we are subject to state insurance regulations. Over the past years, we have seen a dramatic increase in the number of states that have adopted legislation and regulations from model laws promulgated by either the National Association of Insurance Commissioners (NAIC) or by the National Conference of Insurance Legislators (NCOIL). These laws are essentially consumer protection statutes responding to abuses that arose early in the development of our industry, some of which may persist. Today, almost every state has adopted some version of either the NAIC or NCOIL model laws, which generally require the licensing of purchasers of and brokers for life insurance policies, the filing and approval of purchase agreements, and the disclosure of transaction fees. These laws also require various periodic reporting requirements and prohibit certain business practices deemed to be abusive.

State statutes typically provide state regulatory agencies with significant powers to interpret, administer, and enforce the laws relating to the purchase of life insurance policies. Under statutory authority, state regulators have broad discretionary power and may impose new licensing requirements, interpret or enforce existing regulatory requirements in different ways or issue new administrative rules. State regulators may also impose rules that are generally adverse to our industry. Because the life insurance secondary market is relatively new and because of the history of certain abuses in the industry, we believe it is likely that state regulation will increase and grow more complex during the foreseeable future. We cannot, however, predict what any new regulation would specifically involve.

Any adverse change in present laws or regulations, or their interpretation, in one or more states in which we operate (or an aggregation of states in which we conduct a significant amount of business) could result in our curtailment or termination of operations in such jurisdictions, or cause us to modify our operations in a way that adversely affects our profitability. Any such action could have a corresponding material and negative impact on our results of operations and financial condition, primarily through material decrease in revenues, and could also negatively affect our general business prospects.

If federal regulators or courts conclude that the purchase of life insurance in the secondary market constitutes, in all cases, a transaction in securities under federal law, we could be in violation of existing covenants under our revolving credit facility, which could result in significantly diminished access to capital. We could also face increased operational expenses. The materialization of any of these risks could adversely affect our operating results and possibly threaten the viability of our business.

On occasion, the SEC has attempted to regulate the purchase of non-variable universal life insurance policies as transactions in securities under federal or state securities laws. In July 2010, the SEC issued a Staff Report of its Life Settlement Task Force. In that report, the Staff recommended that certain types of purchased insurance policies be classified as securities. The SEC has not taken any position on the Staff Report, and there is no indication if the SEC will take any action to implement the recommendations of the Staff Report. In addition, there have been several federal court cases in which transactions involving the purchase and fractionalization of life insurance contracts have been held to be transactions in securities under the federal Securities Act of 1933. We believe that the matters discussed in the Staff Report and existing case law, do not impact our current business model since our purchases of life settlements are distinguishable from those cases that have been held by courts, and advocated by the Staff Report, to be transactions in securities. For example, neither we nor any of our affiliates are involved in the fractionalization of life insurance policies, and we presently do not purchase variable life insurance policies.

As a practical matter, the widespread application of federal securities laws to our purchases of life insurance policies, either through the expansion of the definition of what constitutes a "security," the expansion of the types of transactions in life insurance policies that would constitute transactions in "securities," or the elimination or limitation of available exemptions and exceptions (whether by statutory change, regulatory change, or administrative or court interpretation) could burden us and other companies operating in the life insurance secondary market through the imposition of additional processes in the purchase of life insurance policies or the imposition of additional corporate governance and operational requirements through the application of the federal Investment Company Act of 1940. Any such burdens could be material. In particular, we might be placed in a position where we might be in violation of existing covenants under our revolving credit facility requiring us not to operate or be characterized as an "investment company" under the Investment Company Act of 1940, which could in the short or long term affect our liquidity and increase our cost of capital and operational expenses, all of which would adversely affect our operating results. It is possible that such an outcome could threaten the viability of our business and our ability to satisfy our obligations as they come due.

Being a public company results in additional expenses and diverts management's attention, and could also adversely affect our ability to attract and retain qualified officers and directors.

We have been a public reporting company since January 31, 2012. As a public reporting company, we are subject to the reporting requirements of the Securities Exchange Act of 1934. These requirements generate significant accounting, legal, and financial compliance costs, and make some activities more difficult, time consuming or costly, and may place significant strain on our personnel and resources. The Securities Exchange Act of 1934 requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to establish the requisite disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight are required.

As a result, management's attention may be diverted from other business concerns, which could have an adverse and even material effect on our business, financial condition, and results of operations. These rules and regulations may also make it more difficult and expensive for us to obtain director and officer liability insurance. If we are unable to obtain appropriate director and officer insurance, our ability to recruit and retain qualified officers and directors, especially those directors who may be deemed independent, could be adversely impacted.

Our business and prospects may be adversely affected by changes, lack of growth, or increased competition in the life insurance secondary market.

The growth of the life insurance policy secondary market and our expansion within the market may be negatively affected by a variety of factors beyond our control, including:

- the inability to locate sufficient numbers of life insurance policy sellers and agents to source life sellers;
- the inability to convince life insurance policy owners of the benefits of selling their life insurance policy;
- competition from other companies in the life insurance secondary market;
- negative publicity about the life insurance secondary market based on actual or perceived abuses; and
- the adoption of additional governmental regulation.

The relatively new and evolving nature of the market in which we operate makes these risks unique and difficult to quantify. Nevertheless, contractions in the secondary market for life insurance policies, whether resulting from general economic conditions, regulatory or legal pressures, or otherwise (including regulatory pressures exerted on us or others involved in the secondary market for life insurance or involved with participants in that market), could make participation in the market generally less desirable. This could, in turn, depress the prices at which life insurance policies on the secondary market are bought and sold. As indicated elsewhere in this prospectus, decreases in the value of life insurance policies on the secondary market could negatively affect our results of operations and our financial condition since the value of our policy portfolio is marked to market on a quarterly basis.

Changes in general economic conditions could adversely impact our business.

Changes in general economic conditions, including, for example, interest rates, investor sentiment, changes specifically affecting the insurance industry, competition, technological developments, political and diplomatic events, tax laws, and other factors not known to us today, can substantially and adversely affect our business and prospects. For example, changes in interest rates may increase our cost of capital and ability to raise capital, and have a corresponding adverse impact on our operating results. While we may engage in certain hedging activities to mitigate the impact of these changes, none of these conditions are or will be within our control.

If actuarial assumptions we obtain from third-party providers and rely on to model our expected returns on our investments in life insurance policies change, our operating results and cash flow could be adversely affected, as well as the value of our collateral and our ability to service our debt obligations.

The expected internal rate of return we calculate we will earn when purchasing a life insurance policy is based upon a probability curve estimate of how long the insured will live—an actuarial life expectancy estimate. We presently obtain actuarial life expectancy estimates from third-party medical-actuarial underwriting companies. In the case of small face policies, which we currently define as life insurance policies with $1.0 million or less in face value of policy benefits, we may choose not to obtain life expectancies from third-party medical-actuarial firms, but rather use standard mortality tables to develop our own life expectancy of an insured. All actuarial life expectancies are subject to interpretation and change based on evolving medical technology, actuarial data, and analytical techniques. Any increase in the actuarial life expectancy estimates of insureds within our portfolio could have a materially adverse effect on our operating results and cash flow. Adverse impacts on the value of our life insurance policy portfolio or our cash flow could in turn impair the value of the collateral we have pledged to our creditors and our ability to service our debt and obligations as they come due.

For example, on January 22, 2013, 21st Services, an independent provider of life expectancy analysis and related services for the life settlement industry in general, announced advancements in its underwriting methodology, resulting in revised life expectancy mortality tables for life settlement transactions. These revised actuarial calculations had an adverse effect on the valuation of portfolio at December 31, 2012. It is possible that the life expectancies we presently use will again change in the future or that the life expectancy assumptions will fail substantially to meet actuarial estimates, and that any such failure could have a materially adverse effect on our business.

On September 15, 2014, 21st Services announced further changes to its mortality tables primarily for insureds age 90 and older, as well as updated adjustment factors designed to better underwrite seniors with multiple impairments. Although these changes represent small portions of 21st Services' historical underwritings and were not material to our portfolio of life insurance policies, we expect medical-actuarial underwriting firms to continue improving and refining their underwriting methodology. As a result, we will continue to monitor developments in medical-actuarial methodologies. We generally expect to incorporate such changes to our portfolio when we update our life expectancy reports.

In addition to actuarial life expectancies, we rely on pricing and premium forecasting software models developed by third-party actuarial companies for the valuation of policies we purchase, future mortality revenues, and the calculation of anticipated internal rates of return. These pricing models forecast the estimated future premiums due as well the future mortalities based on the survival probabilities of the insureds over their life expectancies. It is possible that the actuarial tables we presently use will again change the future or that the mortality assumptions will fail substantially to meet actuarial estimates, and that any such failure could have a materially adverse effect on our results of operation, financial condition and overall business.

We rely on estimated rates of mortality for the actuarial assumptions we use when valuing life insurance policies and forecasting the performance of our portfolio, and we also rely on other estimates derived from statistical methodologies for projecting our future cash flows, among other things. If our estimates prove to be incorrect, it could materially and adversely affect our ability to satisfy our debt service and repayment obligations.

If we assume we will receive cash inflows from policies sooner than we actually do, we may not be able to make payment on our debt obligations in a timely manner, or at all. Moreover, a significant medical discovery or advance that results in mortality improvements among seniors, above historically predicted actuarial rates, could have a material adverse effect on our life insurance policy investments.

For example, we use a modeling method for projecting cash flows known as the "probabilistic method." This is an actuarial method that uses a mortality curve to project the likely flow of policy benefits to us, and attempts to reflect the probability that each premium must be paid. Since we have owned our current insurance policy portfolio we have in fact experienced fewer cash flows from policy benefits than projected in the early stages of ownership of our current life insurance policy portfolio using this method. We had expected to receive approximately $108.7 million cumulative policy benefits as of December 31, 2014, and in fact received $46.6 million. This has resulted in greater than expected premium payments, increasing such expected payments from an expected $79.7 million to $84.2 million. Barring

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significant mortality improvements (i.e., medical discoveries or advancements relating to the medical conditions of insureds), however, the fact that actual results have differed from the expectations derived from the probabilistic method of projecting cash flows should ordinarily result in greater cash flows later in the portfolio's servicing period.

We update and revise our projected future cash flows each month using the probabilistic method to reflect the actual experience within our life insurance policy portfolio to date. We use the current future cash flow projection to generate our expected internal rate of return on the life insurance policy portfolio we own. We would expect to change our method of calculating our future cash flows only if leading actuarial firms determined that such a methodology was no longer the most appropriate means of projecting cash flows from a life insurance policy portfolio. Any change to the pricing model, methodology, premium forecasting assumptions, cash flow projections, or the mortality assumptions accompanied therewith that increase the projected cost of insurance premiums or decrease the probability of mortality could have a material and adverse impact on our results of operations and cash flows. Ultimately, this could adversely affect our ability to meet our debt service and repayment obligations and our viability.

Risks Unique to our Company and this Offering

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

Our offer and sale of L Bonds has been the principal means by which we have raised the funds needed to meet our goal of growing a larger and more statistically diverse portfolio that is more likely to meet our cash flow projections. While we plan to continue financing our business, if we are unable to continue to do so for any reason we may be unable to meet our goal. In addition, if holders of our Series I Secured Notes or outstanding L Bonds were to fail to renew those securities with the frequency we have historically experienced, and actual cash flows from our portfolio of life insurance policies do not occur as our actuarial projections have forecasted, we could be forced to sell our investments in life insurance policies in order to service or satisfy our debt-related obligations. If we are forced to sell investments in life insurance policies or our entire portfolio, we may be unable to sell them at prices we believe are appropriate, and may not be able to sell them at prices that approximate the discount rate we have applied to value our portfolio, particularly if our sale of policies occurs at a time when we are (or are perceived to be) in distress. In any such event, our business and the value of our securities, including our debt securities, may 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 to continue to operate our business.

GWG Holdings, Inc. is a holding company. As a holding company, we conduct our operations through our operating subsidiaries, and our only significant assets are the capital stock of our subsidiaries. Accordingly, our ability to meet our cash obligations, including our obligations under the L Bonds, depends in material part upon the ability of our subsidiaries to make cash distributions to us. In this regard, the ability of our subsidiaries to make distributions to us is, and will continue to be, restricted by certain negative covenants in the agreement governing our revolving credit facility. DLP Funding II (and, effective as of May 11, 2015, DLP Funding III) is a borrower under our revolving credit facility (see note 5 to our consolidated financial statements). The significant majority of the insurance policies we own are subject to a collateral arrangement with the agent for our revolving credit lender, as described in note 2 to our consolidated financial statements. Under this arrangement, collection and escrow accounts are used to fund purchases of and premiums for our insurance policies and to pay interest and other charges under the revolving credit facility. The lender and its agent must authorize all disbursements from these accounts, including any distributions to GWG Life. Distributions are limited to an amount that would result in the borrowers (us) realizing an annualized rate of return on the equity funded amount for such assets of not more than 18%, as determined by the agent. After such amount is reached, the credit agreement requires that excess funds be used to fund repayments or a reserve account in a certain amount, before any additional distributions may be made.

If any of the above limitations were to materially impede the flow of cash to us, such fact would materially and adversely affect our ability to service and repay our debt, including obligations under the L Bonds and Series I Secured Notes. In addition, any adverse event at the subsidiary level, such as a declaration of bankruptcy, liquidation or reorganization or an event of default under our revolving credit facility, could materially and adversely affect the

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ability of our subsidiaries to make cash distributions to us. Just as with a material contractual impediment to cash flow, any such subsidiary corporate event would materially and adversely affect our ability to service and repay our debt, including obligations under the L Bonds, and negatively impact our ability to continue operations.

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 our revolving credit facility.

The L Bonds will be subordinate in right of payment to any claims of the senior lender under our revolving 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 to enforce an event of default against us or our affiliates unless our revolving credit facility has been repaid in full, which period may be extended if the credit facility provider 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 the revolving credit facility lender has been paid in full.

Furthermore, in the event of a default, we will be prohibited 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, and 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, if a default or event of default under any senior credit facility has occurred and is continuing, or if any default or event of default under any senior credit facility would result from such payment. This payment restriction will generally remain in effect unless and until: (i) the default and event of default respecting the senior credit facility has been cured or waived or has ceased to exist; and (ii) the end of the period commencing on the date the indenture trustee receives written notice of default from a holder of such credit facility and ending on the earlier of the indenture trustee's receipt of (1) a valid waiver of default from the holder of a credit facility, or (2) a written notice from the holder of a credit facility terminating the payment blockage period.

Other provisions of the indenture permit the trustee to take action to enforce the right of L Bond holders to payment after 179 days have passed since the trustee's receipt of notice of default from the 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 under our senior debt, the holders of the L Bonds will be unable to enforce their right 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 or L Bonds 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, shall (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 and Series I Secured Notes may be insufficient to repay the indebtedness upon an event of default.

Our L Bonds and Series I Secured Notes are structurally subordinate to all obligations of our wholly owned subsidiaries DLP Funding II and DLP Funding III. Importantly in this regard, DLP Funding II and DLP Funding III own most of our life insurance policies and are the borrowers under the credit facility. This means that holders of the L Bonds and Series I Secured Notes will have a junior position to the claims of our senior credit facility provider.

Thus, L Bonds and Series I Secured Notes are subordinate to all senior secured debt we have or may incur, to the extent of the value of the assets securing that debt. Importantly, as the issuers of the L Bonds and Series I Secured Notes which have granted a general security interest in their assets as collateral security for those obligations, GWG Holdings' and GWG Life's most significant assets are cash and their investments in subsidiaries. GWG Holdings' total (non-consolidated) assets at March 31, 2015 were approximately $246.8 million, of which approximately $210.2 million was its investment in subsidiaries. While the indenture agreements governing the L Bonds limits the amount of debt we and our subsidiaries can incur (through the debt coverage ratio covenant contained in Section 6.1 of such indenture), the indenture permits us and our subsidiaries to incur secured debt (subject to the debt coverage ratio) that may be senior to the L Bonds. For more information relating to the debt coverage ratio, please refer to the risk factor below captioned "*Because we intend to hold our life insurance policies to their maturity*," page 23.

As indicated above, as of March 31, 2015, we had approximately $72 million of outstanding secured indebtedness under our revolving credit facility that is senior to the L Bonds. For a description of the ranking of the L Bonds, see "Description of the L Bonds—Ranking" in this prospectus. In addition, the guarantee and associated grant of collateral security by GWG Life for our obligations under the L Bonds may offer security that is insufficient to fully satisfy obligations under the L Bonds. Like GWG Holdings, GWG Life's most significant asset is its investment in its subsidiaries (in this case, DLP Funding II and DLP Funding III). GWG Life's total assets at March 31, 2015 were approximately $241.2 million, of which approximately $236.3 million was its investment in subsidiaries.

Because of the foregoing, and because of the fact that 90% of our life insurance policies representing approximately 96% of the face value of our life insurance policy benefits as of March 31, 2015 are held in our DLP Funding II subsidiary, its associated master trust or our DLP Funding III subsidiary (and all of those assets serve as collateral security for our obligations under the revolving credit facility), L Bond holders risk the possibility that the collateral security we have granted for our obligations under such securities may be insufficient to repay those securities upon an event of default.

If a significant number of holders of our Series I Secured Notes and L Bonds demand repayment of those instruments instead of renewing them, and at such time we do not have sufficient capital on hand to fund such repayment (and do not otherwise have access to sufficient capital), we may be forced to liquidate some of our life insurance assets, which could have a material and adverse impact on our results of operations and financial condition.

As of March 31, 2015 we had approximately $208.7 million of L Bonds outstanding, all of which has been raised through continuous offerings including our ongoing $1.0 billion offering of L Bonds. In addition, our direct and wholly owned subsidiary, GWG Life, had issued and outstanding approximately $26.9 million in Series I Secured Notes as of March 31, 2015. By virtue of GWG Life's full and unconditional guarantee of obligations under the L Bonds, and other agreements contained in or made in connection with the indenture, the L Bonds are pari passu in right of payment and collateral with the Series I Secured Notes. The indenture governing the L Bonds, and the note issuance and security agreement governing the Series I Secured Notes, each provide for cross defaults upon an event of default under the provisions of the other agreement (i.e., an event of default under the note issuance and security agreement will constitute an event of default under the indenture for the L Bonds, and vice-versa).

The terms of the Series I Secured Notes have renewal features. Since we first issued our Series I Secured Notes, we have experienced $140.0 million in maturities, of which $109.2 million has renewed for an additional term as of March 31, 2015. This has provided us with an aggregate renewal rate of approximately 78% for investments in our Series I Secured Notes. The terms of the L Bonds also have renewal features. Since we first issued our L Bonds, we have experienced $79.9 million in maturities, of which $53.6 million has renewed for an additional term as of March 31, 2015. This has provided us with an aggregate renewal rate of approximately 67% for investments in the currently outstanding L Bonds. Future contractual maturities of Series I Secured Notes and L Bonds at March 31, 2015 are as follows:

Years Ending December 31,	**Series I Secured Notes**	**L Bonds**	**Total**
2015	$ 9,426,000	$ 56,626,000	$ 66,052,000
2016	10,060,000	59,311,000	69,371,000
2017	5,873,000	36,939,000	42,812,000

2018	802,000	23,355,000	24,157,000
2019	347,000	14,342,000	14,689,000
Thereafter	418,000	18,156,000	18,574,000
	$ 26,926,000	$ 208,729,000	$ 235,655,000

If investors holding existing indebtedness with short-term maturities do not elect to renew and we do not, at such time, have access to sufficient capital or have not raised sufficient capital by other financing efforts, we may need to liquidate some of our investments in life insurance policies earlier than anticipated. In such an event, we may be unable to sell those life insurance policies at prices we believe are fair or otherwise appropriate and such sales could have a material and adverse impact on our results of operations.

Because we intend to hold our life insurance policies to their maturity, we therefore measure our debt coverage ratio against our current cost of financing, which may not reflect the sale price of our life insurance policies if we were to liquidate them.

We intend to hold our life insurance policy investments until they are paid out at the mortality of the insured. As a result, we measure our debt coverage ratio based on the portfolio's gross expected yield against the interest cost of our total debt obligations to finance the portfolio. The debt coverage ratio, expressed as a percentage, is defined as the ratio of (i) total amounts outstanding on any indebtedness for borrowed money, over (ii) the net present asset value of all life insurance assets we own, plus any cash held in our accounts. 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 indebtedness for the previous month. Under the indenture, the maximum amount of such securities 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 some comfort to holders of our debt that the value of our assets exceeds our obligations to those holders. Nevertheless, the debt coverage ratio (as calculated) is not based on the fair value of our life insurance assets, which may be different—greater or less—than the amount we would receive if we were forced to sell those assets in the marketplace. Furthermore, mere compliance with the debt coverage ratio does not contemplate or account for the significant transactional costs that could be associated with a sale of all or any significant portion of our portfolio.

We have no obligation to redeem L Bonds prior to their maturity date except in narrowly 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 exist for situations in which an individual natural person investor suffers a total permanent disability or a bankruptcy, or dies. In any such event, we will be required to redeem the L Bonds of such person so long as certain procedural requirements are met. Outside these narrow exceptions, 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 we do agree to redeem any L Bonds, we will assess a 6% redemption fee for such 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 and unable to be redeemed until its stated maturity.

Fraudulent transfer statutes may limit your rights under the guarantee of the L Bonds.

Our obligations under the 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. 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 legal grounds, the claims of creditors of GWG Life would effectively have priority with respect to GWG Life's assets and earnings over the claims of the holders of the L Bonds.

Our controlling stockholders and principal executives are involved in litigation "clawback" claims, and it is possible that the trustee may assert claims against our company or that other adverse outcomes could negatively affect us.

Our Chief Executive Officer, Jon R. Sabes, and our corporate secretary and Executive Vice President of Originations and Servicing, Steven F. Sabes, who together beneficially own or control approximately 74.8% of our common stock, are subject to litigation relating to claims by a bankruptcy trustee for loan payments made to an affiliate, Opportunity Finance, LLC. The litigation stems from the 2010 conviction of an individual operating a fraudulent business, which business filed for bankruptcy in 2008. The bankruptcy trustee alleges that loan repayments to Opportunity Finance were avoidable 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

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payments may ultimately be deemed to be avoidable transfers under preference or other legal theories. In addition, GWG Holdings invested $1.0 million in Opportunity Finance, LLC in 2006 and was repaid and received $176,948 of interest income from that investment in 2007. To date no claim has been made against the Company.

While we believe there are numerous meritorious defenses to the claims made by the bankruptcy trustee and others, and we are advised that the defendants in that action will vigorously defend against the trustee's claims, such defendants may not prevail in the litigation. If the bankruptcy trustee or a successful private plaintiff sought to sell or transfer the equity interests of Jon R. Sabes or Steven F. Sabes as a result of the litigation, there could be a change in control of the Company, and our business together with all of our investors, including investors in our debentures, could be materially and adversely impacted. Such adverse results would likely arise in connection with negative change-in-control covenants contained in our revolving credit facility agreements, the breach of those covenants and an ensuing event of default under such facility. In addition, if the bankruptcy trustee or a private plaintiff sought to sell or transfer the equity interests of Jon R. Sabes or Steven F. Sabes as a result of the litigation, such transfers would adversely affect holders of our previously issued 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 the debentures. 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 dependent to a significant degree upon the efforts of our current executive officers and other key employees. In addition, our revolving credit facility requires Messrs. Jon R. Sabes and Steven F. Sabes to generally remain active within the business. We have entered into employment agreements with Messrs. Jon R. Sabes, Steven F. Sabes, Paul A. Siegert, William B. Acheson, Michael D. Freedman and Jon L. Gangelhoff. 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 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 depositary institution. Further, no governmental entity insures or guarantees payment on the L Bonds if we do not have enough funds to make principal or interest payments.

We have the discretion to purchase assets, including life insurance policies, 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 as a method of asset and liability management and to attempt to maintain diversification and certain ratios in our investment portfolio. 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 Funding II would cause the policies acquired by DLP Funding II to become collateral for our revolving credit facility, 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 such as life insurance policies through, or transfers of such 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" and our election to delay adoption of new or revised accounting standards applicable to public companies may result in our financial statements not being comparable to those of some other public companies. As a result of this and other reduced disclosure requirements applicable to emerging growth companies, our securities may be less attractive to investors.

As a public reporting company with less than $1.0 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of certain reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. In particular, as an emerging growth company we:

• are not required to obtain an attestation and report from our auditors on our management's assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002;

• are not required to provide a detailed narrative disclosure discussing our compensation principles, objectives and elements and analyzing how those elements fit with our principles and objectives (commonly referred to as "compensation discussion and analysis");

• are not required to obtain a non-binding advisory vote from our stockholders on executive compensation or golden parachute arrangements (commonly referred to as the "say-on-pay," "say-on-frequency" and "say-on-golden-parachute" votes);

• are exempt from certain executive compensation disclosure provisions requiring a pay-for-performance graph and CEO pay ratio disclosure;

• may present only two years of audited financial statements and only two years of related Management's Discussion & Analysis of Financial Condition and Results of Operations, or MD&A; and

• are eligible to claim longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act.

We intend to take advantage of all of these reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act. Our election to use the phase-in periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the phase-in periods under §107 of the JOBS Act.

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

Under the JOBS Act, we may take advantage of the above-described reduced reporting requirements and exemptions for up to five years after our initial sale of common equity pursuant to a registration statement declared effective under the Securities Act of 1933, 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 $1.0 billion in annual revenues, have more than $700 million in market value of our common stock held by non-affiliates, or issue more than $1.0 billion in principal amount of non-convertible debt over a three-year period. Furthermore, under current SEC rules we will continue to qualify as a "smaller reporting company" for so long as we have a public float (i.e., the market value of common equity held by non-affiliates) of less than $75 million as of the last business day of our most recently completed second fiscal quarter.

We cannot predict if investors will find our securities less attractive due to our reliance on these exemptions. If investors were to find our securities less attractive as a result of our election, we may have difficulty raising all of the proceeds we seek in our continuous offering of the L Bonds. In addition, the market price of our common stock may suffer.

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.

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 approximately $18,050,000 million of net proceeds from this offering after paying selling commissions, underwriters' accountable expenses, including reasonable legal fees, and our own estimated offering expenses. More specifically, if all L Bonds offered hereby are sold, we would pay $1,300,000 in commissions, up to $250,000 in underwriters' accountable expenses, including reasonable legal fees, and an estimated $400,000 in our own offering related expenses (consisting of legal, accounting, printing, mailing, registration, qualification and associated securities offering filing costs and expenses). We have agreed to pay to the underwriters a $25,000 non-refundable advisory fee for certain pre-offering financial advisory services that were provided to us regarding the structure of the offering (which amount will be credited against the commissions we pay the underwriters at the conclusion of the offering).

The maximum amount of commissions, fees and expense allowances and reimbursements payable to FINRA selling members is 6.5% of the principal amount of L Bonds sold, which the $25,000 advisory fee shall be credited against, plus up to 1.25% of the gross offering proceeds for underwriter accountable expenses, not to exceed $250,000. Therefore, if all of the L Bonds were sold and the maximum commissions, fees and expense allowances and reimbursements were paid, we estimate that the net proceeds to us, after paying our own estimated offering and related expenses, would be approximately $18.05 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. For more information about dealer-manager fees, selling commissions, and accountable expenses payable to our selling group in connection with the sale of L Bonds, as well as our own offering and related expenses, please see "Underwriting."

There is no minimum amount of L Bonds that must be sold before we access investor funds.

Our goal is to use a majority of the net proceeds from the sale of L Bonds to purchase additional life insurance policy assets in the secondary market. The amount of proceeds we apply towards purchasing additional life insurance policy assets will depend, among other things, on the amount of net proceeds that we receive from the sale of 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., our revolving credit facility). These certain other expenditures, listed in order of priority, include:

- paying premiums on life insurance assets we own;

- paying principal at maturity, interest and fees to our lenders, including under our revolving credit facility, the Series I Secured Notes, the previously issued (and future issued) L Bonds and the L Bonds offered hereby; and paying fees and expenses of the trustees of certain trusts associated with our Series I Secured Notes, the previously issued (and future issued) L Bonds and the L Bonds offered hereby; and

- providing funds for portfolio operations and working capital purposes.

Our use of funds for portfolio operations 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; and our use of funds for working capital purposes is expected to include, but not be limited to, (iv) sales and marketing expenses, (v) general and administrative 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 a variety of factors. We currently expect to allocate net offering proceeds (assuming the maximum amount of commissions, fees, expense allowances and reimbursements equal to 6.5% of the aggregate principal amount of L Bonds sold) as follows:

Gross Offering Proceeds	$	20,000,000		
Net Offering Proceeds		18,050,000	100	%
Purchase Policies		13,357,000	74	%
Payment of Premiums		1,805,000	10	%
Payment of Principal and Interest		2,346,500	13	%
Other Expenditures		541,500	3	%

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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. Our aggregate premium obligations over the next five years for life insurance assets that we own as of December 31, 2014 are set forth in the table below. These premium obligations do not take into account the expectation of mortality over the periods presented.

Year	Premiums	
2015	$	26,349,000
2016		28,857,000
2017		32,365,000
2018		35,341,000
2019		39,423,000
Total	$	162,335,000

Also as indicated above, we may use some of the net proceeds from this offering to pay principal amounts owing under our Series I Secured Notes or 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. Of the Series I Secured Notes presently scheduled to mature on or prior to December 31, 2017, such notes have an aggregate outstanding principal amount of approximately $26.8 million and a weighted-average interest rate of 8.32% as of December 31, 2014. Of our outstanding L Bonds presently scheduled to mature on or prior to December 31, 2017, such securities have an aggregate outstanding principal amount of approximately $145.6 million and a weighted-average interest rate of 7.02% as of December 31, 2014. We do not intend to use any net proceeds from this offering to repurchase Series I Secured Notes or previously issued L Bonds prior to their maturity.

CAPITALIZATION

The following table sets forth, as of March 31, 2015, our consolidated debt and stockholders' equity on an actual basis and as adjusted to give effect to the sale of the maximum amount of L Bonds offered hereby. You should read this table in conjunction with our consolidated financial statements and the notes thereto which are incorporated herein by this reference.

	At March 31, 2015			
	Actual		As Adjusted	
Debt:	(Dollars in thousands, except per-share amounts)		(Unaudited)	
L Bonds offered hereby	$	0	$	20,000
L Bonds previously issued[(1)]		205,038		205,038
Series I Secured Notes[(2)]		26,499		26,499
Revolving credit facility[(3)]		72,161		72,161
Total debt	$	303,698	$	323,698
Stockholders' equity (accumulated deficit):				
Series A Convertible Preferred Stock (par value $0.001; shares authorized 40,000,000; shares issued and outstanding 2,738,966; liquidation preference of $20,542,000 on December 31, 2014)	$	20,712	$	20,712
Common stock (par value $0.001: shares authorized 210,000,000; shares issued and outstanding 5,870,193 on December 31, 2014)	$	6	$	6
Additional paid-in capital		16,290		16,290
Accumulated Deficit		(11,140)		(11,140)
Total stockholders' equity	$	25,868	$	25,868
Total debt and stockholders' equity:	$	329,566	$	349,566

(1) The total outstanding face amount of L Bonds outstanding at December 31, 2014 was $208.7 million plus $2.6 million of subscriptions in process, less unamortized selling costs of $6.3 million. The weighted-average interest rate of our outstanding L Bonds at March 31, 2015 was approximately 7.32%, and the weighted-average maturity was approximately 3.32 years. On January 9, 2015, all securities originally issued as "Renewable Secured Debentures" were renamed "L Bonds."

(2) The total outstanding face amount of Series I Secured Notes outstanding at December 31, 2014 was $26.9 million, less unamortized selling costs of $0.4 million. The weighted-average interest rate of our outstanding Series I Secured Notes at March 31, 2015 was approximately 8.39%, and the weighted-average maturity was approximately 2.11 years.

(3) The interest rate of our revolving credit line floats in conjunction with advances made thereunder. The weighted-average interest rate payable under our revolving credit line at March 31, 2015 was approximately 6.22%. Amounts owing under our revolving credit line come due on June 30, 2018.

(4) As of March 31, 2015, we had 2,765,281 preferred shares outstanding with a gross consideration of $20,712,000 (including cash proceeds, conversion of Series I Secured Notes and accrued interest on Series I Secured Notes, and conversion of preferred dividends payable) net of redemptions. We incurred Series A Preferred Stock issuance costs of $2,838,000, all of which was amortized to additional paid-in capital as of December 31, 2014.

For more discussion and information relating to the retirement of Series I Secured Notes, please refer to the "Use of Proceeds" section of this prospectus.

SELECTED FINANCIAL INFORMATION

The following tables set forth our summary consolidated financial information. The summary statement of operations data for fiscal years 2014 and 2013 and the selected balance sheet data as of December 31, 2014 and 2013 are derived from our audited consolidated financial statements contained elsewhere in this prospectus. The summary statement of operations data for the three-month period ended March 31, 2015 and the selected balance sheet data as of March 31, 2015 are derived from our unaudited condensed consolidated financial statements contained elsewhere in this prospectus. This selected consolidated financial information should be read in conjunction with, and is qualified by reference to, our consolidated financial statements and related notes contained herein and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this prospectus.

Balance Sheet Data:

	Three Months Ended Ma rch 3**1, 2015**	**Year Ended December 31, 2014**	**Year Ended December 31, 2013**
Total Assets	$ 351,312,527	$ 323,070,529	$ 275,380,476
Investment in Portfolio	278,395,047	282,883,010	234,672,794
Cash and Cash Equivalents	36,190,527	30,662,704	33,449,793
Restricted Cash	11,333,617	4,296,053	5,832,970
Total Liabilities	325,443,960	300,680,594	256,149,798
Revolving Credit Facility	72,161,048	72,161,048	79,000,000
Series I Secured Notes(1)	26,498,511	27,616,578	29,275,202
L Bonds previously issued(2)	205,038,330	182,782,884	131,646,062
Stockholder Preferred and Common Equity (Deficit)	25,868,614	22,389,936	19,230,678

(1) The total outstanding face amount of Series I Secured Notes outstanding at December 31, 2014 was $28,047,000, less unamortized selling costs of $430,000.

(2) The total outstanding face amount of L Bonds previously issued by GWG Holdings, Inc. (originally under the name Renewable Secured Debentures) and outstanding at December 31, 2014 was $186,377,000 plus $2,288,000 of subscriptions in process, less unamortized selling costs of $5,882,000. On January 9, 2015, all securities originally issued as "Renewable Secured Debentures" will be renamed "L Bonds."

Income Statement Data:

	Three Months Ended March 31, 2015	**Year Ended December 31, 2014**	**Year Ended December 31, 2013**
Total Revenue	$ 16,832,705	$ 30,476,575	$ 33,064,774
Gain on Life Settlements	16,783,409	30,416,127	29,513,642
Interest Expense	7,176,534	26,716,798	20,762,644
Net Income (Loss)	3,261,891	(5,962,909)	(194,955)

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion in conjunction with the consolidated financial statements and accompanying notes and the information contained in other sections of this prospectus. This discussion and analysis is based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. The statements in this discussion and analysis concerning expectations regarding our future performance, liquidity and capital resources, as well as other non-historical statements, are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. Our actual results could differ materially from those suggested or implied by any forward-looking statements. Please see the "Risk Relating to Forward-Looking Statements" section of this prospectus.

Overview

We are engaged in the emerging secondary market for life insurance policies. We acquire life insurance policies in the secondary market from policy owners desiring to sell their policies at a discount to the face value of the insurance benefit. Once we purchase a policy, we continue paying the policy premiums in order to ultimately collect the face value of the insurance benefit. We generally seek to hold the individual policies to maturity, in order to ultimately collect the policy's face value upon the insured's mortality. Our strategy is to build a profitable and large portfolio of policies that is diversified in terms of insurance carriers and the medical conditions of insureds. We believe that diversification among insureds, insurers, and medical conditions will lower our overall risk exposure, and that a larger number of individual policies (diversification in overall number) will provide our portfolio with greater actuarial stability.

In the first three months of 2015, we recognized $25.0 million of revenue from the receipt of $28.6 million in policy benefits. In addition, we recognized an expense from the change in fair value of our life insurance policies, net of premiums and carrying costs, of $8.2 million. In the first three months of 2015, interest expense, including amortization of the deferred financing costs and preferred stock dividends, was $7.2 million, and selling, general and administrative expenses were $3.8 million. Income tax expense for the first three months of 2015 was $2.6 million. Our net income for the first quarter of 2015 was $3.3 million.

In the first three months of 2014, we did not experience any policy maturities. In this period we recognized revenue from the change in fair value of our life insurance policies, net of premiums and carrying costs, of $5.5 million. For the three months ended March 31, 2014, interest expense, including amortization of the deferred financing costs and preferred stock dividends, was $6.3 million, and selling, general and administrative expenses were $2.1 million. Income tax benefit for the three months ended March 31, 2014 was $0.9 million. Our net loss for first quarter of 2014 was $1.9 million.

In 2014, we recognized $13.9 million of revenue from the receipt of $18.0 million in policy benefits. In addition, we recognized revenue from the change in fair value of our life insurance policies, net of premiums and carrying costs, of $16.5 million. In 2014, interest expense, including amortization of the deferred financing costs and preferred stock dividends, was $26.7 million, and selling, general and administrative expenses were $12.1 million. Income tax benefit in 2014 was $2.4 million. Our net loss in 2014 was $6.0 million.

In 2013, we recognized $12.0 million of revenue from the receipt of $16.6 million in policy benefits. In addition, we recognized revenue from the change in fair value of our life insurance policies, net of premiums and carrying costs, of $17.5 million. In 2013, interest expense, including amortization of the deferred financing costs and preferred stock dividends, was $20.8 million, and selling, general and administrative expenses were $10.3 million. Income tax expense in 2013 was $2.2 million. Our net loss in 2013 was $0.2 million.

To date, we have financed our business principally through the issuance of debt, including debt incurred by our subsidiary DLP Funding II under a senior revolving credit facility provided by Autobahn/DZ Bank, Series I Secured Notes issued by our subsidiary GWG Life and our registered public offerings of L Bonds. See the "Liquidity and Capital Resources" caption below. Effective May 11, 2015, our subsidiary DLP Funding III became a co-borrower under our credit facility.

Critical Accounting Policies

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with the Generally Accepted Accounting Principles (GAAP) requires us to make judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our judgments, estimates, and assumptions on historical experience and on various other factors believed to be reasonable under the circumstances. Actual results could differ materially from these estimates. We evaluate our judgments, estimates, and assumptions on a regular basis and make changes accordingly. We believe that the judgments, estimates, and assumptions involved in the accounting for the valuation of investments in life insurance policies have the greatest potential impact on our consolidated financial statements and accordingly believe these to be our critical accounting estimates. Below we discuss the critical accounting policies associated with these estimates as well as certain other critical accounting policies.

Ownership of Life Insurance Policies-Fair Value Option

Our primary business involves the purchasing and financing of life insurance policies. As such, we account for the purchase of life insurance policies in accordance with Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) 325-30, Investments in Insurance Contracts, which requires us to use either the investment method or the fair value method. We have elected to account for these life insurance policies as investments using the fair value method.

We initially record our purchase of life insurance policies at the transaction price, which is the amount paid for the policy, inclusive of all fees and costs associated with the acquisition. The fair value of our investment in the portfolio of insurance policies is evaluated at the end of each reporting period. Changes in the fair value of the portfolio of life insurance policies are based on periodic evaluations and are recorded as changes in fair value of life insurance policies in our consolidated and combined statement of operations. The fair value is determined as the net present value of the life insurance portfolio's future expected cash flows that incorporates current life expectancy estimates and discount rate assumptions.

In addition to reporting our results of operations and financial condition based on the fair value of our life insurance policies as required by GAAP, management also makes calculations and evaluates our financial condition based on the weighted average expected internal rate of return of the policies and other non-GAAP financial measures. See "Non-GAAP Financial Measures" below.

Valuation of Insurance Policies

Unobservable inputs, as discussed below, are a critical component of our estimate for the fair value of our investments in life insurance policies. We currently use a probabilistic method of estimating and valuing the projected cash flows of our portfolio of life insurance policies, which we believe to be the preferred and most prevalent valuation method in the industry. In this regard, the most significant assumptions we make are the life expectancy estimates of the insureds and the discount rate applied to the projected cash flows to be derived from our portfolio.

In determining life expectancy estimates, we generally use actuarial medical reviews from independent medical underwriters. These medical underwriters evaluate the health of the insured by reviewing historical and current medical records. This evaluation is performed to produce an estimate of the insured's mortality—a life expectancy report. In the case of a small face policy ($1.0 million face value of policy benefits or less), we may use one life expectancy report or estimate life expectancy based on a modified methodology that does not use actuarial medical reviews from independent medical underwriters. The life expectancy estimate represents a range of probabilities for the insured's mortality against a group of cohorts with the same age, sex and smoking status. These mortality probabilities represent a mathematical curve known as a mortality curve, which is then used to generate a series of expected cash flows from the life insurance policy over the expected lifespan of the insured. A discount rate is used to calculate the net present value of the expected cash flows. The discount rate represents the internal rate of return we expect to earn on investments in a policy or in the portfolio as a whole at the stated fair value. The discount rate used to calculate fair value of our portfolio incorporates the guidance provided by ASC 820, Fair Value Measurements and Disclosures. Many of our current underwriting review processes, including our policy of obtaining actuarial medical reviews from independent medical underwriters as described above, are undertaken in satisfaction of obligations under our revolving credit facility. As a result, we may in the future modify our underwriting review processes if permitted under our borrowing arrangements.

The table below provides the discount rate used to estimate the fair value of our portfolio of life insurance policies for the period ending:

March 31, 2015		December 31, 2014		December 31, 2013	
11.38	%	11.43	%	11.69	%

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The change in the discount rate incorporates current information about discount rates applied by other reporting companies owning portfolios of life insurance policies, discount rates observed by us in the life insurance secondary market, market interest rates, the credit exposure to the issuing insurance companies, and our estimate of the risk premium a purchaser would require to receive the future cash flows derived from our portfolio of life insurance policies. Because we use the discount rate to arrive at the fair value of our portfolio, the rate we choose necessarily assumes an orderly and arms-length transaction (i.e., a non-distressed transaction in which neither seller nor buyer is compelled to engage in the transaction).

We engaged a third party, Model Actuarial Pricing Systems (MAPS), to prepare a third-party valuation of our life settlement portfolio. MAPS owns and maintains the portfolio pricing software we use. MAPS processed policy data, future premium data, life expectancy estimate data, and other actuarial information we supplied to calculate a net present value for our portfolio using the specified discount rate of 11.43%. MAPS independently calculated the net present value of our portfolio of 291 policies to be $282.9 million, which is the same fair value estimate we used on the balance sheet as of December 31, 2014, and furnished us with a letter documenting its calculation.

JOBS Act

On April 5, 2012, the Jumpstart Our Business Startups Act of 2012, or JOBS Act, was enacted. Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933 for complying with new or revised accounting standards. This means that an “emerging growth company” can make an election to delay the adoption of certain accounting standards until those standards would apply to private companies. We have elected to delay such adoption of new or revised accounting standards and, as a result, we may not comply with new or revised accounting standards at the same time as other public reporting companies that are not “emerging growth companies.” This exemption will apply for a period of five years following our first sale of common equity securities under an effective registration statement or until we no longer qualify as an “emerging growth company” as defined under the JOBS Act, whichever is earlier.

Deferred Income Taxes

FASB ASC 740, Income Taxes, requires us to recognize deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established for any portion of deferred tax assets that is not considered more likely than not to be realized.

We have provided a valuation allowance against the deferred tax asset related to a note receivable, which has been charged-off for financial reporting purposes, because we believe that, when realized for tax purposes, it will result in a capital loss that will not be utilized because we have no expectation of generating a capital gain within the applicable carryforward period. Therefore, we do not believe that it is more likely than not that the deferred tax asset will be realized.

We have also provided a valuation allowance against the deferred tax asset related to a tax basis capital loss generated with respect to our settlement and subsequent disposal of an earlier investment in Athena Structured Funds PLC (see “Notes to Consolidated Financial Statements” Note 9). As we have no expectation of generating capital gains with the applicable carryforward period, we do not believe that it is more likely than not that the deferred asset will be realized.

A valuation allowance is required to be recognized to reduce deferred tax assets to an amount that is more likely than not to be realized. Realization of deferred tax assets depends upon having sufficient past or future taxable income in periods to which the deductible temporary differences are expected to be recovered or within any applicable carryback or carryforward periods. We believe that it is more likely than not that we will be able to realize all of our deferred tax assets other than those which are expected to result in a capital loss.

Deferred Financing and Issuance Costs

Financing costs incurred to obtain financing under the revolving credit facility have been capitalized and are amortized using the straight-line method over the term of the revolving credit facility. The Series I Secured Note obligations are reported net of issuance costs, sales commissions, and other direct expenses, which are amortized using the interest method over the term of each respective borrowing. The L Bonds are reported net of issuance costs, sales commissions, and other direct expenses, which are amortized using the interest method over the term of each respective borrowing. The Series A Preferred Stock is reported net of issuance costs, sales commissions, including the fair value of warrants issued, and other direct expenses, which are amortized using the interest method as interest expense over a three-year redemption period. As of December 31, 2014 these costs have been fully amortized.

Principal Revenue and Expense Items

We earn revenues from the following three primary sources.

• Policy Benefits Realized. We recognize the difference between the face value of the benefits and carrying values of the policy when an insured event has occurred and determine that settlement and collection of the policy benefits is realizable and reasonably assured. Revenue from a transaction must meet both criteria in order to be recognized. We generally collect the face value of the life insurance policy from the insurance company within 45 days of the insured's mortality.

• Change in Fair Value of Life Insurance Policies. We have elected to carry our investments in life insurance policies at fair value in accordance with ASC 325-30, Investments in Life Insurance Contracts. Accordingly, we value our investments in our portfolio of life insurance policies each reporting period in accordance with the fair value principles discussed herein, which includes the expected payment of premiums for future periods.

• Sale of a Life Insurance Policy or a Portfolio of Life Insurance Policies. In an event of a sale of a policy, we recognize gain or loss as the difference between the price and the carrying value of the policy on the date of the receipt of payment on such sale.

Our main components of expense are summarized below.

• Selling, General and Administrative Expenses. We recognize and record expenses incurred in our business operations, including operations related to the purchasing and servicing of life insurance policies. These expenses include professional fees, salaries, and sales and marketing expenditures.

• Interest Expense. We recognize and record interest expenses associated with the costs of financing our life insurance portfolio for the current period. These expenses include interest paid to our senior lender under our revolving credit facility, as well as all interest paid on our debentures and other outstanding indebtedness such as our subsidiary Secured Notes and dividends on convertible, redeemable preferred stock. When we issue long-term indebtedness, we amortize the issuance costs associated with such indebtedness over the outstanding term of the financing, and classify it as interest expense.

Results of Operations — 2014 Compared to 2013

The following is our analysis of the results of operations for the periods indicated below. This analysis should be read in conjunction with our consolidated financial statements and related notes.

Revenue. The change in the discount rate incorporates current information about discount rates applied by other reporting companies owning portfolios of life insurance policies, discount rates observed by us in the life insurance secondary market, market interest rates, the credit exposure to the issuing insurance companies and our estimate of the risk premium a purchaser would require to receive the future cash flows derived from our portfolio of life insurance policies. Because we use the discount rate to arrive at the fair value of our portfolio, the rate we choose necessarily assumes an orderly and arms-length transaction (i.e., a non-distressed transaction in which neither seller nor buyer is compelled to engage in the transaction). The discount rate applied to estimate the fair value of the portfolio of life insurance policies we own was 11.43% as of December 31, 2014, compared to 11.69% for the same date in 2013. The decrease in discount rate was due to both an increase in the size of our portfolio and the diversity of policies held in our portfolio of life insurance policies that resulted in a lower anticipated risk premium to a potential buyer. The carrying value of policies acquired during each quarterly reporting period are adjusted to their current fair value using the fair value discount rate applied to the entire portfolio as of that reporting date.

Years Ended December 31,

	2014	2013
Revenue recognized from the receipt of policy benefits	$ 13,864,000	$ 12,036,000
Revenue recognized from the change in fair value of life insurance policies, net of premiums and carrying costs	16,552,000	17,478,000
Gain on life settlements, net	$ 30,416,000	$ 29,514,000
The change in fair value related to new policies acquired during the year	$ 8,502,000	$ 27,475,000

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Expenses. Interest expense, including amortization of the deferred financing costs as well as preferred stock dividends, was $26.7 million during 2014 compared to $20.8 million during 2013, an increase of $5.9 million. $4.4 million of the increase was due to increased average debt outstanding and $1.5 million of the increase was due to increased issuance costs being amortized during 2014. Selling, general, and administrative expenses were $12.1 million, and $10.3 million for 2014 and 2013, respectively; an increase of $1.8 million. We employed more staff and hired additional members to our Business Development and executive teams in 2014. Our regular compensation and benefit expenses were higher in 2014 than they were in 2013. However, our total employee compensation and benefit expenses decreased by $0.1 million due to an $0.8 million one-time bonus paid in 2013 to the original members equal to the tax effect on them as a result of the conversion from an LLC to a corporation. Legal and professional expenses went up by $0.6 million due to increased compliance work. Marketing, recruiting and other expenses went up by $1.3 million due to the implementation of a direct marketing campaign, increased activity related to our public offering of L Bonds and increased expenses from the build out of our Business Development and executive teams.

Income Tax Expense. In 2014, the Company realized income tax benefits of $2.4 million. In 2013, we recorded an income tax expense of $2.2 million. The effective tax rate for the 12 months ended December 31, 2014 and 2013, was 28.7% and 109.8%, respectively, compared to a statutory rate of 43%. In 2014 and 2013, there were significant permanent differences between income before income taxes and taxable income. The primary permanent difference between our effective tax rate and the statutory federal rate are the accrual of preferred stock dividend expense, state income taxes, and other non-deductible expenses. The dividends charged to interest expense were $2.4 million and $2.5 million in 2014 and 2013, respectively.

	Year Ended December 31, 2014				Year Ended December 31, 2013			
Statutory federal income tax (benefit)	$	(2,844,000)	34.0	%	$	673,000	34.0	%
State income taxes, net of federal benefit		(374,000)	4.5	%		298,000	15.1	%
Series A Preferred Stock dividends		826,000	(9.9	)%		860,000	43.4	%
Other permanent and temporary differences		(10,000)	0.1	%		343,000	17.3	%
Total income tax expense (benefit)	$	(2,402,000)	28.7	%	$	2,174,000	109.8	%

The most significant temporary differences between GAAP net income and taxable net income are the treatment of interest costs with respect to the acquisition of the life insurance policies and revenue recognition with respect to the mark-to-market of life insurance portfolio.

Results of Operations — Three Months Ended March 31, 2015 Compared to the Same Period in 2014

The following is our analysis of the results of operations for the periods indicated below. This analysis should be read in conjunction with our consolidated financial statements and related notes.

Revenue.

	Three Months Ended March 31, 2015		2014	
Revenue recognized from the receipt of policy benefits[1]	$	25,014,000	$	—
Revenue (expense) recognized from the change in fair value of life insurance policies, net of premiums and carrying costs[2]		(8,231,000)		5,516,000
Gain on life settlements, net	$	16,783,000	$	5,516,000
The change in fair value related to new policies acquired during the first quarter of 2015	$	612,000	$	4,473,000

(1) In the first three months of 2015, we recognized $25.0 million of revenue from the receipt of $28.6 million in policy benefits. In the first three months of 2014, we did not experience any policy maturities.

(2) The change in the discount rate incorporates current information about discount rates applied by other reporting companies owning portfolios of life insurance policies, discount rates observed by us in the life insurance secondary market, market interest rates, the credit exposure to the issuing insurance companies and our estimate of the risk premium a purchaser would require to receive the future cash flows derived from our portfolio of life insurance policies. Because we use the discount rate to arrive at the fair value of our portfolio, the rate we choose necessarily assumes an orderly and arms-length transaction (i.e., a non-distressed transaction in which neither seller nor buyer is compelled to engage in the transaction). The discount rate applied to estimate the fair value of the portfolio of life insurance policies we own was 11.38% as of March 31, 2015,

compared to 11.69% as of March 31, 2014, and to 11.43% as of December 31, 2014. The decrease in discount rate was due to both an increase in the size of our portfolio and the diversity of policies held in our portfolio of life insurance policies that resulted in a lower anticipated risk premium to a potential buyer. The carrying value of policies acquired during each quarterly reporting period are adjusted to their current fair value using the fair value discount rate applied to the entire portfolio as of that reporting date.

Expenses.

	Three Months Ended March 31,					
	2015		2014		Increase	
Employee compensation and benefits[1]	$	1,728,000	$	969,000	$	759,000
Interest expense (including amortization of deferred financing costs and preferred stock dividends)[2]		7,176,000		6,327,000		849,000
Legal and professional expenses[3]		578,000		325,000		253,000
Other expenses[4]		1,479,000		759,000		720,000
Total expenses	$	10,961,000	$	8,380,000	$	2,581,000

(1) The increase in the current period as compared to the first quarter of 2014 resulted primarily from our employment of more staff and additional members to our Business Development and executive teams.

(2) The increase in the current period was due to the increase in average debt outstanding.

(3) The increase in the current period is due to increased compliance work and SEC filings related to our L Bonds offering.

(4) Marketing, recruiting and other expenses increased in the current period due to the implementation of a direct marketing campaign, increased activity related to our public offering of L Bonds and increased expenses from the implementation of a new company operating system.

Income Tax Expense . For the three months ended March 31, 2015, we had $5.9 million of income before income taxes and recorded income tax expense of $2.6 million, or 44.4%. In the same period of 2014, we had $2.9 million of loss before income taxes and recognized an income tax benefit of $0.9 million, or 33.4%. The primary differences between our effective tax rate and the statutory federal rate are the accrual of preferred stock dividend expense, state taxes, and other non-deductible expenses. The primary permanent difference between our effective tax rate and the statutory federal rate are the accrual of preferred stock dividend expense, state income taxes, and other non-deductible expenses. The dividends charged to interest expense were $0.5 million and $0.6 million during the first three month of 2015 and 2014, respectively.

The following table provides a reconciliation of our income tax expense at the statutory federal tax rate to our actual income tax expense:

	Three Months Ended March 31, 2015				Three Months Ended March 31, 2014				
Statutory federal income tax (benefit)	$	1,998,000	34.0	%	$	(964,000	)	34.0	%
State income taxes, net of federal benefit		416,000	7.1	%		(141,000	)	5.0	%
Series A Preferred Stock dividends		183,000	3.1	%		216,000		(7.6	)%
Other permanent differences		12,000	0.2	%		(66,000	)	2.0	%

Total income tax expense (benefit)	$	2,609,000	44.4	%	$	(955,000	)	33.4	%

The most significant temporary differences between GAAP net income and taxable net income are the treatment of interest costs with respect to the acquisition of the life insurance policies and revenue recognition with respect to the mark-to-market of life insurance portfolio.

Liquidity and Capital Resources

We finance our business through a combination of policy benefit revenues, origination fees, equity offerings, debt offerings, and a credit facility. We have used our debt offerings and credit facility primarily for policy acquisition, policy servicing, and portfolio related financing expenditures. We charge an intercompany origination fee in the amount of one to four percent of the face value of a life insurance policy's benefit when we acquire the related life insurance policy. The origination fee we charge is included in the total purchase price we pay for a life insurance policy for purposes of our valuation and expected internal rate of return calculations, but is not netted against the purchase price we pay to a seller of an insurance policy. We generated cash flows of $0.4 million and $1.0 million from origination fees in the first quarter of 2015 and 2014, respectively. Profits from intercompany origination fees for life insurance policies retained by the Company are eliminated from our consolidated statements of operations. As such, the origination fees collected under our life insurance policy financing arrangements are reflected in our consolidated statements of cash flows as cash flows from financing activities as they are received from borrowings used to finance the acquisition of life insurance policies. Our revolving credit facility allows DLP Funding II to borrow the funds necessary to pay origination fees to GWG Life. Our borrowing agreements allow us to use net proceeds of the L Bonds for policy acquisition, which includes origination fees. If the policy acquisition is not financed, no fees are included in the consolidated cash flows. See "Cash Flows" below for further information. We determine the value of life insurance policies in accordance with ASC 325-30, *Investments in Insurance Contracts*, using the fair value method. Under the fair value method, the initial investment is recorded at the transaction price. Because the origination fees are paid from a wholly owned subsidiary to the parent company, these fees are not included in the transaction price as reflected in our consolidated financial statements. For further discussion on our accounting policies for life settlements, please refer to note 1 to our consolidated financial statements.

As of March 31, 2015 and December 31, 2014, we had approximately $39.9 million and $51.2 million, respectively, in combined available cash and available borrowing base surplus capacity under our revolving credit facility for the purpose of purchasing additional life insurance policies, paying premiums on existing policies, paying portfolio servicing expenses, and paying principal and interest on our outstanding financing obligations.

In September 2012, we concluded a Series A Preferred Stock offering, having received an aggregate $24.6 million in subscriptions for our Series A Preferred Stock. These subscriptions consisted of $14.0 million in conversions of outstanding Series I Secured Notes and $10.6 million of new investments. We have used the proceeds from the sale of our Series A Preferred Stock to fund our operational expenditures.

In June 2011, GWG registered a $250.0 million debt offering of our Renewable Secured Debentures (subsequently renamed L Bonds) with the SEC. The registration became effective on January 31, 2012. Effective January 9, 2015, we launched a $1 billion follow-on to our publicly registered L Bond offering. Through March 31, 2015, the total amount of these L Bonds sold, including renewals, was $288.6 million. As of March 31, 2015, we had approximately $208.7 million in principal amount of L Bonds outstanding.

On September 24, 2014, we consummated an initial public offering of its common stock resulting in the sale of 800,000 shares of common stock at $12.50 per share and net proceeds of approximately $8.6 million after the deduction of underwriting commissions, discounts and expense reimbursements. We used the net proceeds from the offering to promote and advertise the opportunities for consumers owning life insurance and investors to profit from participating in the secondary market for life insurance policies, to purchase additional life insurance policies in the secondary market, to pay premiums on our life insurance policy assets, to fund our portfolio operations, and for working capital purposes.

In November 2009, our wholly owned subsidiary GWG Life commenced private placement of Series I Secured Notes to accredited investors only. This offering was closed in November 2011. As of March 31, 2015, we had approximately $26.9 million in principal amount of Series I Secured Notes outstanding.

The weighted-average interest rate of our outstanding Series I Secured Notes as of March 31, 2015 and December 31, 2014 was 8.39% and 8.37%, respectively, and the weighted-average maturity at those dates was 2.11 and 2.01 years, respectively. The Series I Secured Notes have renewal features. Since we first issued our Series I Secured Notes, we have experienced $140.0 million in maturities, of which as of March 31, 2015, $109.2 million has renewed for an additional term. This has provided us with an aggregate renewal rate of approximately 78% for investments in these securities.

The weighted-average interest rate of our outstanding L Bonds as of March 31, 2015 and December 31, 2014 was 7.32% and 7.45%, respectively, and the weighted-average maturity at those dates was 3.32 and 3.45 years, respectively. Our L Bonds have renewal features. Since we first issued our L Bonds, we have experienced $79.9 in maturities, of which as of March 31, 2015, $53.6 million has renewed for an additional term. This has provided us with an aggregate renewal rate of approximately 67% for investments in these securities. Future contractual maturities of Series I Secured Notes and L Bonds at March 31, 2015 were:

Years Ending December 31,	Series I Secured Notes	L Bonds	Total
2015	$ 9,426,000	$ 56,626,000	$ 66,052,000
2016	10,060,000	59,311,000	69,371,000
2017	5,873,000	36,939,000	42,812,000
2018	802,000	23,355,000	24,157,000
2019	347,000	14,342,000	14,689,000
Thereafter	418,000	18,156,000	18,574,000
	$ 26,926,000	$ 208,729,000	$ 235,655,000

The L Bonds and Series I Secured Notes are secured by all our assets, and are subordinate to our revolving credit facility with Autobahn/DZ Bank. The L Bonds and Series I Secured Notes are pari passu with respect to a security interest in our assets pursuant to an intercreditor agreement (see notes 6 and 7 to our consolidated financial statements).

We maintain a $100 million revolving credit facility with Autobahn/DZ Bank through GWG Life's wholly owned subsidiary DLP Funding II. As of both March 31, 2015 and December 31, 2014, we had $72.2 million outstanding under the revolving credit facility and maintained an available borrowing base surplus of $3.7 million and $20.6 million, respectively (see note 5 to our condensed consolidated financial statements). Effective May 11, 2015, we amended and restated our credit facility, including among other things, to add GWG Life's wholly owned subsidiary DLP Funding III as a borrower and to increase the maximum amount of the credit facility to $105 million (see "—*Amended and Restated Credit Facility*" below for more information.)

We expect to meet our ongoing operational capital needs through a combination of policy benefit revenues, origination fees, and proceeds from financing transactions. We expect to meet our policy acquisition, servicing, and financing capital needs principally from the receipt of policy benefit revenues from our portfolio of life insurance policies, net proceeds from our offering of L Bonds, and from our revolving credit facility. Because we only receive origination fees when we purchase a policy, our receipt of those fees is contingent upon our consummation of policy purchases, which is, in turn, contingent upon our receipt of external funding. We have demonstrated continued access to credit and financing markets. Furthermore, we expect that policy benefit payments will increase as the average age of the insureds increase and mortality events occur over time which trend we expect to experience more significantly in 2015 with steady increase until 2018. As a result of the foregoing, we estimate that our liquidity and capital resources are sufficient for our current and projected financial needs. Nevertheless, if we are unable to continue our offering of L Bonds for any reason (or if we become unsuccessful in selling L Bonds), and we are unable to obtain capital from other sources, we expect that our business would be materially and adversely affected. In addition, our business would be materially and adversely affected if we did not receive the policy benefits we forecast and if holders of our L Bonds or Series I Secured Notes failed to renew with the frequency we have historically experienced. In such a case, we could be forced to sell our investments in life insurance policies to service or satisfy our debt-related obligations and continue to pay policy premiums.

Capital expenditures have historically not been material and we do not anticipate making material capital expenditures in 2015 or beyond.

Debt Financings Summary

We had the following outstanding debt balances as of March 31, 2015:

Issuer/Borrower	Principal Amount Outstanding	Weighted Average

			Interest Rate	
GWG Holdings, Inc. – L Bonds	$	208,729,000	7.32	%
GWG Life Settlements, LLC – Series I Notes, secured		26,926,000	8.39	%
GWG DLP Funding II, LLC – Revolving credit facility		72,161,000	6.22	%
Total	$	307,816,000	7.16	%

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Our total credit facility and other indebtedness balance as of March 31, 2015 and December 31, 2014 was $307.8 million and $286.6 million, respectively. At March 31, 2015, the total outstanding face amount under our Series I Secured Notes outstanding was $26.9 million, less unamortized selling costs of $0.4 million, resulting in a carrying amount of $26.5 million. At December 31, 2014, the total outstanding face amount under our Series I Secured Notes outstanding was $28.0 million, less unamortized selling costs of $0.4 million, resulting in a carrying amount of $27.6 million. At March 31, 2015, the total outstanding face amount of L Bonds was $208.7 million plus $2.6 million of subscriptions in process, less unamortized selling costs of $6.3 million resulting in a carrying amount of $205.0 million. At December 31, 2014, the total outstanding face amount of L Bonds was $186.4 million plus $2.3 million of subscriptions in process, less unamortized selling costs of $5.9 million resulting in a carrying amount of $182.8 million. At March 31, 2015, the fair value of our investments in life insurance policies of $278.4 million plus our cash balance of $36.2 million and our restricted cash balance of $11.3 million, totaled $325.9 million, representing an excess of portfolio assets over secured indebtedness of $18.1 million. At December 31, 2014, the fair value of our investments in life insurance policies of $282.8 million plus our cash balance of $30.7 million and our restricted cash balance of $4.3 million, totaled $317.8 million, representing an excess of portfolio assets over secured indebtedness of $31.2 million. At March 31, 2015 our weighted average cost of capital was approximately 7.16%. The L Bonds and Series I Secured Notes are secured by all our assets and are subordinate to our revolving credit facility with Autobahn/DZ Bank. The L Bonds and Series I Secured Notes are pari passu with respect to a security interest in our asset pursuant to an intercreditor agreement.

The following forward-looking table seeks to illustrate the impact of a hypothetical sale of our portfolio of life insurance assets at various discount rates in order to satisfy our debt obligations as of March 31, 2015. In all cases, the sale of the life insurance assets owned by DLP Funding II and DLP Funding III will be used first to satisfy all amounts owing under the revolving credit facility with Autobahn/DZ Bank. The net sale proceeds remaining after satisfying all obligations under the revolving credit facility would be applied to L Bonds and Series I Secured Notes on a pari passu basis.

Portfolio Discount Rate	10%	11%	12%	13%
Value of portfolio	$ 296,779,000	$ 283,258,000	$ 270,763,833	$ 259,195,000
Cash and cash equivalents	47,524,000	47,524,000	47,524,000	47,524,000
Total assets	344,303,000	330,782,000	318,287,833	306,719,000
Revolving credit facility Autobahn/DZ Bank	72,161,000	72,161,000	72,161,000	72,161,000
Net after revolving credit facility	272,142,000	258,621,000	246,127,000	234,558,000
Series I Secured Notes and L Bonds	235,652,000	235,652,000	235,652,000	235,652,000
Net after Series I Secured Notes and L Bonds	36,490,000	22,969,000	10,475,000	(1,094,000)
Impairment to Series I Secured Notes and L Bonds	No impairment	No impairment	No impairment	Impairment

The table illustrates that our ability to fully satisfy amounts owing under the L Bonds and Series I Secured Notes would likely be impaired upon the sale of all our life insurance assets at a price equivalent to a discount rate of approximately 12.90% or higher. At December 31, 2014 the impairment occurred at discount rate of approximately 14.09% or higher. The discount rates used to calculate the fair value of our portfolio for mark-to-market accounting were 11.38% and 11.43% as of March 31, 2015 and December 31, 2014, respectively.

The table does not include any allowance for transactional fees and expenses associated with a portfolio sale (which expenses and fees could be substantial), and is provided to demonstrate how various discount rates used to value our portfolio could affect our ability to satisfy amounts owing under our debt obligations, in light of our senior secured lender's right to priority payments. You should read the above table in conjunction with the information contained in other sections of this report, including our discussion of discount rates included under the "— Critical Accounting Policies — Valuation of Insurance Policies" caption above. This discussion and analysis is based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. The forward-looking presentation above is subject to numerous risks and uncertainties. Our actual results could differ materially from those suggested or implied by the above table. Please see the caption "Risk Relating to Forward-Looking Statements" above.

Amended and Restated Credit Facility

Effective May 11, 2015, GWG Holdings, together with certain of its subsidiaries, entered into an Second Amended and Restated Credit and Security Agreement with Autobahn Funding Company LLC, as the conduit lender, and DZ Bank AG Deutsche Zentral-Genossenschaftsbank, as the committed lender and as the agent on behalf of secured parties under such agreement. The Second Amended and Restated Credit and Security Agreement extends the maturity date of borrowings made by the Company's subsidiaries, GWG DLP Funding II, LLC and GWG DLP Funding III, LLC, to June 30, 2018. Advances under the credit facility made after May 11, 2015 will bear interest at the commercial paper rate of the lender at the time of the advance, or at the lender's cost of borrowing plus 4.75 percent, which is 1.75 percent less than under the previous Credit and Security Agreement executed on January 25, 2013. In addition to the extended term and decreased interest rate and borrowing cost, the Second Amended and Restated Credit and Security Agreement also removes the requirement that the Company maintain a reserve for certain projected expenditures (including anticipated premium payments required to service its life insurance portfolio), thereby allowing for the Company's full use of the credit facility up to its limit of $105,000,000 (which was increased from the previous limit of $100,000,000).

In connection with the Second Amended and Restated Credit and Security Agreement, GWG Holdings and its subsidiaries entered into certain other agreements and amendments and restatements of earlier agreements entered into in connection with the original and renewal Credit and Security Agreements. Included among these other agreements was an Amended and Restated Performance Guaranty affirming the performance guaranty that GWG Holdings earlier provided in connection with the original and first amended and related Credit and Security Agreements to DZ Bank AG Deutsche Zentral-Genossenschaftsbank, as agent.

Cash Flows

The payment of premiums and servicing costs to maintain life insurance policies represents our most significant requirement for cash disbursement. When a policy is purchased, we are able to calculate the minimum premium payments required to maintain the policy in-force. Over time as the insured age, premium payments will increase; however, the probability of actually needing to pay the premiums decreases since mortality becomes more likely. These scheduled premiums and associated probabilities are factored into our expected internal rate of return and cash-flow modeling described herein. Beyond premiums, we incur policy servicing costs, including annual trustee and tracking costs, and debt servicing costs, including principal and interest payments. Until we receive a stable amount of proceeds from the policy benefits, we intend to pay these costs from our credit facility, when permitted, and through the issuance of debt securities, including the L Bonds.

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
Nine months ending December 31, 2015	$ 18,635,000	$ 352,000	$ 18,987,000
2016	26,899,000	352,000	27,251,000
2017	30,098,000	352,000	30,450,000
2018	32,813,000	352,000	33,165,000
2019	36,454,000	352,000	36,806,000
2020	40,389,000	352,000	40,741,000
	$ 185,288,000	$ 2,112,000	$ 187,400,000

For the quarter end dates set forth below, the following table illustrates the total amount of face value of policy benefits owned, and the trailing 12 months of life insurance policy benefits collected and premiums paid on our portfolio. The trailing 12-month benefits/premium coverage ratio indicates the ratio of policy benefits received to premiums paid over the trailing 12-month period from our portfolio of life insurance policies.

Quarter End Date	Portfolio Face Amount	12-Month Trailing Benefits Collected	12-Month Trailing Premiums Paid	12-Month Trailing Benefits/ Premium Coverage Ratio
March 31, 2012	$ 482,455,000	$ 4,203,000	$ 14,977,000	28.06 %
June 30, 2012	489,255,000	8,703,000	15,412,000	56.47 %
September 30, 2012	515,661,000	7,833,000	15,837,000	49.46 %
December 31, 2012	572,245,000	7,350,000	16,597,000	44.28 %
March 31, 2013	639,755,000	11,350,000	18,044,000	62.90 %
June 30, 2013	650,655,000	13,450,000	19,182,000	70.11 %
September 30, 2013	705,069,000	18,450,000	20,279,000	90.98 %
December 31, 2013	740,648,000	16,600,000	21,733,000	76.38 %
March 31, 2014	771,940,000	12,600,000	21,930,000	57.46 %
June 30, 2014	784,652,000	6,300,000	22,598,000	27.88 %
September 30, 2014	787,964,000	4,300,000	23,121,000	18.60 %
December 31, 2014	779,099,000	18,050,000	23,265,000	77.58 %
March 31, 2015	754,942,000	46,675,000	23,786,000	196.23 %

We believe that the portfolio cash flow results set forth above are consistent with our general investment thesis: that the life insurance policy benefits we receive will continue to increase over time in relation to the premiums we are required to pay on the remaining polices in the portfolio. Nevertheless, we expect that our portfolio cash flow results on a period-to-period basis will remain inconsistent until such time as we achieve our goal of acquiring a larger, more diversified portfolio of life insurance policies in order to obtain more normalized actuarial results. As our receipt of life insurance policy benefits increases, we expect to begin servicing and paying down our outstanding indebtedness, or alternatively purchasing additional life insurance policies, from these cash flows.

The life insurance policies owned by DLP Funding II (and, effective as of May 11, 2015, DLP Funding III) are subject to a collateral arrangement with the agent to our revolving credit lender, as described in note 5 to the consolidated financial statements. Under this arrangement, collection and escrow accounts are used to fund purchases and premiums of the insurance policies and to pay interest and other charges under our revolving credit facility. The lender and its agent must authorize all disbursements from these accounts, including any distributions to GWG Life or Holdings. Distributions are limited to an amount that would result in the borrowers (DLP Funding II, DLP Funding III, GWG Life, and Holdings) realizing an annualized rate of return on the equity funded amount for such assets of not more than 18%, as determined by the agent. After such amount is reached, the credit agreement requires that excess funds be used to fund repayments or a reserve account in a certain amount before any additional distributions may be made. In the future, these arrangements may restrict the cash flows available for payment of principal and interest on our debt obligations.

Inflation

Changes in inflation do not necessarily correlate with changes in interest rates. We presently do not foresee any material impact of inflation on our results of operations in the periods presented in our consolidated financial statements.

Off-Balance Sheet Arrangements

Operating Lease - We entered into an office lease with U.S. Bank National Association as the landlord. The lease was effective April 22, 2012 with a term through August 31, 2015. The lease is for 11,695 square feet of office space located at 220 South Sixth Street, Minneapolis, Minnesota. We are obligated to pay base rent plus common area maintenance and a share of the building operating costs. The minimum lease payment under the lease agreement is $0.1 million in 2015.

Credit Risk

We review the credit risk associated with our portfolio of life insurance policies when estimating its fair value. In evaluating the policies' credit risk we consider insurance company solvency, credit risk indicators, economic conditions, ongoing credit evaluations, and company positions. We attempt to manage our credit risk related to life insurance policies typically by purchasing policies issued only from companies with an investment grade credit rating by either Standard & Poor's, Moody's, or A.M. Best Company. As of December 31, 2014, 99.07% of our life insurance policies, by face value benefits, were issued by companies that maintained an investment grade rating (BBB or better) by Standard & Poor's.

Interest Rate Risk

Our credit facility is floating-rate financing. In addition, our ability to offer interest rates that attract capital (including in our continuous offering of L Bonds) is generally impacted by prevailing interest rates. Furthermore, while our other indebtedness provides us with fixed-rate financing, our debt coverage ratio is calculated in relation to our total cost of financing. Therefore, fluctuations in interest rates impact our business by increasing our borrowing costs, and reducing availability under our debt financing arrangements. Furthermore, we calculate our portfolio earnings based upon the spread generated between the return on our life insurance portfolio and the cost of our financing. As a result, increases in interest rates will reduce the earnings we expect to achieve from our investments in life insurance policies.

Non-GAAP Financial Measures

We use non-GAAP financial measures when evaluating our financial results, for planning and forecasting purposes, and for maintaining compliance with covenants contained in our borrowing agreements. Non-GAAP financial measures disclosed by management are provided as additional information to investors in order to provide them with an alternative method for assessing our financial condition and operating results. These non-GAAP financial measures are not in accordance with GAAP and may be different from non-GAAP measures used by other companies, including other companies within our industry. This presentation of non-GAAP financial information is not meant to be considered in isolation or as a substitute for comparable amounts prepared in accordance with GAAP. See the notes to our consolidated financial statements and our audited financial statements contained herein.

We have elected to carry our investments in life insurance policies at fair value in accordance with ASC 325-30, Investments in Life Insurance Contracts. Accordingly, we value our investments in life insurance policies at the conclusion of each reporting period in accordance with GAAP fair value accounting principles. In addition to GAAP, we are required to report non-GAAP financial measures to Autobahn/DZ Bank under certain financial covenants made to that lender under our revolving credit facility. As indicated above, we also use non-GAAP financial reporting to manage and evaluate the financial performance of our business.

GAAP-based fair value requires us to mark-to-market our investments in life insurance policies, which by its nature, is based upon Level 3 measurements that are unobservable. As a result, this accounting treatment imports financial market volatility and subjective inputs into our financial reporting. We believe this type of reporting is at odds with one of the key attractions for purchasing and owning a portfolio life insurance policies: the non-correlated nature of the returns to be derived from such policies. Therefore, in contrast to a GAAP-based fair valuation, we seek to measure the accrual of the actuarial gain occurring within the portfolio of life insurance policies at their expected internal rate of return based on statistical mortality probabilities for the insureds (using primarily the insured's age, sex, health and smoking status). The expected internal rate of return tracks actuarial gain occurring within the policies according to a mortality table as the insureds' age increases. By comparing the actuarial gain accruing within our portfolio of life insurance policies against our costs during the same period, we can estimate, manage and evaluate the overall financial profitability of our business without regard to mark-to-market volatility. We use this information to balance our life insurance policy purchasing and manage our capital structure, including the issuance of debt and utilization of our other sources of capital, and to monitor our compliance with borrowing covenants. We believe that these non-GAAP financial measures provide information that is useful for investors to understand period-over-period operating results separate and apart from fair value items that may, or could, have a disproportionately positive or negative impact on results in any particular period.

Our credit facility requires us to maintain a “positive net income” and “tangible net worth” each of which are calculated on an adjusted non-GAAP basis on the method described above, without regard to GAAP-based fair value measures. In addition, our revolving credit facility requires us to maintain an "excess spread," which is the difference between (i) the weighted average of our expected internal rate of return of our portfolio of life insurance policies and (ii) the weighted average of our credit facility's interest rate. These calculations are made using non-GAAP measures in the method described below, without regard to GAAP-based fair value measures.

In addition, the indenture under which our L Bonds were and continue to be issued, and the note issuance and security agreement under which our Series I Secured Notes were issued, require us to maintain a "debt coverage ratio" designed to ensure that the expected cash flows from our portfolio of life insurance policies is able to adequately service our total outstanding indebtedness. In addition, our L Bond indenture requires us to maintain a "subordination ratio" limiting the total amount of indebtedness that can be issued senior in rank to the L Bonds and Series I Secured Notes. These ratios are calculated using non-GAAP measures in the method described below, without regard to GAAP-based fair value measures.

Adjusted Non-GAAP Net Income. Our credit facility requires us to maintain a positive net income calculated on an adjusted non-GAAP basis. We calculate the adjusted net income by recognizing the actuarial gain accruing within our life insurance policies at the expected internal rate of return of the policies we own without regard to fair value. We net this actuarial gain against our costs during the same period to calculate our net income on a non-GAAP basis.

	Three Months Ended March 31, 2015	**Years Ended December 31, 2014**	**2013**
GAAP net income (loss)	$ 3,262,000	$ (5,963,000)	$ (195,000)
Unrealized fair value (gain) loss[(1)]	1,894,000	(39,928,000)	(39,338,000)
Adjusted cost basis increase[(2)]	12,229,000	44,833,000	38,627,000
Accrual of unrealized actuarial gain[(3)]	4,241,000	30,427,000	21,822,000
Total adjusted non-GAAP net income[(4)]	$ 21,626,000	$ 29,369,000	$ 20,916,000

(1) Reversal of unrealized fair value gain of life insurance policies for current period.

(2) Adjusted cost basis is increased to include those acquisition and servicing expenses which are not capitalized by GAAP.

(3) Accrual of actuarial gain at expected internal rate of return based on investment cost basis for the period.

(4) We must maintain an annual positive consolidated net income, calculated on a non-GAAP basis, to maintain compliance with our revolving credit facility with DZ Bank/Autobahn.

Adjusted Non-GAAP Tangible Net Worth . As of March 31, 2015, our revolving credit facility required us to maintain a tangible net worth in excess of $15 million calculated on an adjusted non-GAAP basis. Effective as of May 11, 2015, this tangible net worth requirement was increased to not less than $45 million. We calculate the adjusted tangible net worth by recognizing the actuarial gain accruing within our life insurance policies at the expected internal rate of return of the policies we own without regard to fair value. We net this actuarial gain against our costs during the same period to calculate our tangible net worth on a non-GAAP basis.

	As of March 31, 2015	**As of December 31, 2014**	**2013**
GAAP net worth[(1)]	$ 25,869,000	$ 22,390,000	$ 19,231,000
Less intangible assets[(2)]	(9,276,000)	(8,132,000)	(6,068,000)
GAAP tangible net worth	16,593,000	14,258,000	13,163,000
Unrealized fair value gain[(3)]	(152,778,000)	(154,672,000)	(114,744,000)
Adjusted cost basis increase[(4)]	150,930,000	147,673,000	106,201,000

Accrual of unrealized actuarial gain(5)	84,030,000	80,122,000	49,666,000
Total adjusted non-GAAP tangible net worth(6)	$ 98,775,000	$ 87,381,000	$ 54,286,000

(1) Includes termination of redeemable member's interest prior to corporate conversion and preferred stock classified as temporary equity.

(2) Unamortized portion of deferred financing costs and pre-paid insurance.

(3) Reversal of cumulative unrealized fair value gain or loss of life insurance policies.

(4) Adjusted cost basis is increased by acquisition and servicing expenses which are not capitalized under GAAP.

(5) Accrual of cumulative actuarial gain at expected internal rate of return based on investment cost basis.

(6) We were required as of March 31, 2015, to maintain a total adjusted non-GAAP tangible net worth of $15 million to maintain compliance with our revolving credit facility with DZ Bank/Autobahn. Effective as of May 11, 2015, this tangible net worth requirement was increased to not less than $45 million.

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Excess Spread. Our revolving credit facility requires us to maintain a 2.00% "excess spread" between our weighted-average expected internal rate of return of our portfolio of life insurance policies and the credit facility's interest rate. A presentation of our excess spread and our total excess spread is set forth below. Management uses the "total excess spread" to gauge expected profitability of our investments, and uses the "excess spread" to monitor compliance with our borrowing.

	As of March 31, 2015		**As of December 31, 2014**		**As of December 31, 2013**	
Weighted-average expected IRR(1)	11.33	%	11.78	%	12.21	%
Weighted-average revolving credit facility interest rate(2)	6.22	%	6.24	%	6.19	%
Excess spread(3)	5.11	%	5.54	%	6.02	%
Total weighted-average interest rate on indebtedness for borrowed money(4)	7.16	%	7.24	%	7.20	%
Total excess spread(5)	4.17	%	4.54	%	5.01	%

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(1) This represents the weighted-average expected internal rate of return of the life insurance policies as of the measurement date based upon our investment cost basis of the insurance policies and the expected cash flows from the life insurance portfolio. Our investment cost basis is calculated as our cash investment in the life insurance policies, without regard to GAAP-based fair value measurements, and is set forth below:____________

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Investment Cost Basis	**As of March 31, 2015**		**As of December 31, 2014**		**As of December 31, 2013**	
GAAP fair value	$	278,395,000	$	282,883,000	$	234,673,000
Unrealized fair value gain(A)		(152,778,000)		(154,672,000)		(114,744,000)
Adjusted cost basis increase(B)		150,930,000		147,673,000		106,201,000
Investment cost basis(C)	$	276,547,000	$	275,884,000	$	226,130,000

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(A) This represents the reversal of cumulative unrealized GAAP fair value gain of life insurance policies.

(B) Adjusted cost basis is increased to include those acquisition and servicing expenses that are not capitalized by GAAP.

(C) This is the full cash investment cost basis in life insurance policies from which our expected internal rate of return is calculated.

(2) This is the weighted-average revolving credit relating to our revolving credit facility interest rate as of the measurement date.

(3) We must maintain an excess spread of 2.00% relating to our revolving credit facility to maintain compliance under such facility.

(4) Represents the weighted-average interest rate paid on all outstanding indebtedness as of the measurement date, determined as follows:

Outstanding Indebtedness	**As of March 31, 2015**		**As of December 31, 2014**		**As of December 31, 2013**	
Revolving credit facility	$ 72,161,000		$ 72,161,000		$ 79,000,000	
Series I Secured Notes	26,926,000		28,047,000		29,744,000	
L Bonds	208,729,000		186,377,000		134,891,000	
Total	$ 307,816,000		$ 286,585,000		$ 243,635,000	
Interest Rates on Indebtedness						
Revolving credit facility	6.22	%	6.24	%	6.19	%
Series I Secured Notes	8.39	%	8.37	%	8.35	%
L Bonds	7.32	%	7.45	%	7.53	%
Weighted-average interest rates on indebtedness	7.16	%	7.24	%	7.20	%

(5) Calculated as the weighted average expected IRR (1) minus the weighted average interest rate on indebtedness for borrowed money (4).

Debt Coverage Ratio and Subordination Ratio. Our L Bond and Series I Secured Notes borrowing covenants require us to maintain a “debt coverage ratio” of less than 90%. The “debt coverage ratio” is calculated by dividing the sum of our total indebtedness by the sum of our cash and cash equivalents and the net present value of the life insurance portfolio. The “subordination ratio” for our L Bonds is calculated by dividing the total indebtedness that is senior to L Bonds and Series I Secured Notes by the sum of the company's cash and cash equivalents and the net present value of the life insurance portfolio. The "subordination ratio" must be less than 50%. For purposes of both ratio calculations, the net present value of the life insurance portfolio is calculated using a discount rate equal to the weighted average interest rate of all indebtedness.

	As of March 31, 2015	**As of December 31, 2014**	**As of December 31, 2013**
Life insurance portfolio policy benefits	$ 754,942,000	$ 779,099,000	$ 740,648,000
Discount rate of future cash flows	7.16 %	7.24 %	7.20 %
Net present value of life insurance portfolio policy benefits	$ 341,867,000	$ 347,786,000	$ 302,761,000
Cash and cash equivalents	47,524,000	34,959,000	39,283,000
Total Coverage	389,391,000	382,745,000	332,044,000
Revolving credit facility	72,161,000	72,161,000	79,000,000
Series I Secured Notes	26,926,000	28,047,000	29,744,000
L Bonds	208,729,000	186,377,000	134,891,000
Total Indebtedness	$ 307,816,000	$ 286,585,000	$ 243,635,000
Debt Coverage Ratio	79.04 %	74.88 %	71.23 %
Subordination Ratio	18.53 %	18.85 %	23.10 %

As of March 31, 2015, we were in compliance with both the debt coverage ratio and the subordination ratio as required under our related financing agreements for both the L Bonds and Series I Secured Notes.

BUSINESS

Overview

GWG Holdings, Inc. is a specialty finance company and a leader in the life settlement market. A life settlement is the sale of an existing life insurance policy to a third party for more than its cash surrender value, but less than the face value of the policy benefit. We target our life settlement offerings toward consumers, 65 years and older, owning life insurance who can benefit from realizing the actuarial value of their life insurance policy. Consumers, 65 years and older, represent the fastest growing demographic segment in the United States according to the U.S. Census Bureau. These consumers, and their families, are faced with a variety of challenges as they seek to address their post-retirement financial needs. We believe that for older consumers owning life insurance, our life settlement services provide a unique and valuable financial solution for their post-retirement financial needs. In sum, we believe the value proposition of our services to the consumers we serve is very high, as we have found that we typically offer a multiple of the cash surrender value offered by the insurance carrier issuing the policy.

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

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

Our business was organized in February 2006. As a parent holding company, GWG Holdings was incorporated on March 19, 2008, as a limited liability company. On June 1, 2011, GWG Holdings converted from a Delaware limited liability company to a Delaware corporation through the filing of statutory articles of conversion. In connection with the conversion, each class of limited liability company membership interests in GWG Holdings, LLC was converted into shares of common stock of GWG Holdings, Inc.

Since our formation in 2006, we have evaluated over 37,000 policies and acquired over $1.7 billion in face value of life insurance policy benefits in the secondary market. In 2008, after selling approximately $1 billion in face value of life insurance policy benefits, we adopted our current buy-and-hold strategy of investing in portfolio life insurance assets and offering investors the opportunity to finance our ownership of the portfolio. As of December 31, 2014, we owned approximately $779 million in face value of life insurance policy benefits with an aggregate cost basis (i.e., acquisition and related premiums and financing costs) of approximately $276 million.

On September 24, 2014, we consummated an initial public offering of our common stock resulting in the sale of 800,000 shares of common stock at $12.50 per share. In connection with that offering, we started listing our common stock on The NASDAQ Capital Market under the ticker symbol "GWGH" effective September 25, 2014.

GWG Holdings, Inc. (GWG Holdings) facilitates the purchase of life insurance policies through its wholly owned subsidiary, GWG Life, LLC (GWG Life), and GWG Life's subsidiaries, GWG Trust (Trust), GWG DLP

Funding II LLC (DLP Funding II) and DLP Funding II's wholly owned subsidiary, GWG DLP Master Trust II (the Trust II), and GWG DLP Funding III (DLP Funding III). All of these entities are legally organized in Delaware. Unless the context otherwise requires or we specifically so indicate, all references in this prospectus to "we," "us," "our," "our Company," "the Company," or "GWG," refers to these entities collectively. References to specific entities, such as "GWG Holdings" or "GWG Life," are references to those entities only. We are based in Minneapolis, Minnesota.

Market

The market for the consumers we serve is large. According to the American Council of Life Insurers Fact Book 2014 (ACLI), individuals owned over $11.4 trillion in face value of life insurance policies in the United States in 2013. This figure includes all types of policies, including term and permanent insurance known as whole life, universal life, variable life, and variable universal life. The ACLI reports that the lapse and surrender rate of individual life insurance policies for 2013 was 5.7%, amounting to over $639 billion in face value of policy benefits surrendered in 2013 alone. These figures do not include group-owned life insurance, such as employer-provided life insurance, the market for which totaled over $8.2 trillion of face value of life insurance policies in the United States in 2013, which insurance policies exhibit similar lapse and surrender rates, according to the ACLI. Consumers owning life insurance generally allow policies to lapse or surrender the policies for a variety of reasons, including: (i) the life insurance is no longer needed; (ii) unrealistic original earnings assumptions made when the policy was purchased; (iii) increasing premium payment obligations as the insured ages; (iv) changes in financial status or outlook which cause the insured to no longer require life insurance; (v) other financial needs that make the insurance unaffordable; or (vi) a desire to maximize the policy's investment value.

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

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

Our Business Model

We believe that we are uniquely positioned to capitalize on this opportunity by providing value-added services to the consumers we serve and new investment opportunities for investors, where both participants can profit. To participate and compete in our growing market, we have spent and intend to continue to spend significant resources: (i) developing a robust operational platform and systems for originating and purchasing life insurance policies; (ii) obtaining requisite licensure to participate in the life insurance secondary market; (iii) developing financing resources, strategies, and capabilities for servicing a large portfolio of life insurance policies; (iv) recruiting and developing a professional management team; and (v) establishing strategic relationships for delivering our services.

We generally transact directly with the policy owner who originally purchased the life insurance in the primary market. Historically, we have purchased policies in the secondary market through a network of life insurance agents, life insurance brokers, and licensed providers who assist policy owners in accessing the secondary market. We expect to expand our origination practice by marketing directly to consumers through various marketing initiatives.

Before acquiring a life insurance asset, we value the related life insurance policy by conducting an underwriting review. Our present underwriting review process generally involves obtaining two life expectancy estimates on each insured from third-party medical-actuarial firms, and then averaging these two estimates. On occasion, we may obtain more than two life expectancy estimates, in which case we average the two life expectancy estimates that we believe are the most reliable, 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 estimates we obtain. From time to time and as permitted by applicable borrowing covenants, we may modify our underwriting review process. For example, we recently changed our definition of a "small face policy" as a policy having a face value equal to or less than $1,000,000 in policy benefits. Prior to this change, a small face policy was one having a face value equal to or less than $250,000. For small face policies, rather than obtaining life expectancy estimates from third-party medical-actuarial firms, we may employ a modified underwriting review process involving the use of a combination of standard mortality tables, actuarial or medical consultants, and our own analysis to develop a life expectancy estimate for an insured. We seek to purchase life insurance policies issued by rated life insurance companies with investment grade credit ratings by Standard & Poor's (AAA through BBB-), Moody's (Aaa through Baa3), or A.M. Best Company (aaa through bbb). As of March 31, 2015, approximately 97.81% of life insurance policies in our portfolio were issued by companies rated "BBB-" or better under Standard & Poor's rating system. Many of our current underwriting review processes, including our policy of obtaining two life expectancy estimates from medical actuarial firms as described above, are undertaken in satisfaction of obligations under our revolving credit facility. In the future we may modify our underwriting review process if permitted under our borrowing arrangements.

All of our services are premised on financial and actuarial modeling that assigns a present value to the face value of an insurance policy benefit. In this regard, the value we assign to a life insurance asset in the secondary market is primarily a function of: (i) the face value of the life insurance policy or portion thereof we may wish to acquire; (ii) the estimated life expectancy of the individual insured under the policy; (iii) the premiums expected to be paid over the life of the insured; (iv) market competition from other purchasers in the secondary market; and (v) the particular underwriting characteristics of the policy, relative to the characteristics of our portfolio of life insurance assets as a whole.

The types of policies we typically, but not always, acquire are universal life insurance policies. Universal life insurance is a type of permanent life insurance in which premium payments above the cost of insurance are credited to the "cash value" of the policy. The cash value is credited each month with interest based on the terms of the insurance policy agreement. If a universal life insurance policy were to lapse, the insured or other owner of the policy would nonetheless have a right to receive the "cash surrender value" of the policy. The cash surrender value is the cash value of the policy, less any surrender charges imposed by the insurance company for a cash value distribution. Our services provide greatest value to a consumer when the actuarial value of the life insurance policy benefit exceeds the cash surrender value of the policy—which is often the case. We also provide services to consumers who own term life insurance. Unlike permanent universal life insurance, term life insurance does not have a cash value associated with it. Nevertheless, most term insurance policies permit the policy to be converted into permanent universal life insurance. In the future, we may consider offering services in conjunction with variable universal life insurance, which differs from universal insurance in that the "variable" component of the policy involves the ownership of securities inside the policy.

Portfolio Summary

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

Total portfolio face value of policy benefits	$ 754,942,000
Average face value per policy	$ 2,577,000
Average face value per insured life	$ 2,817,000
Average age of insured (yrs.)	82.9
Average life expectancy estimate (yrs.)	6.48

Total number of policies	293	
Number of unique lives	268	
Gender	68% Males; 32% Females	
Number of smokers	3	
Largest policy as % of total portfolio	1.32	%
Average policy as % of total portfolio	0.34	%
Average annual premium as % of face value	3.35	

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Competitive Strengths

We have built our business with we believe to be the following competitive strengths:

• Industry Experience: We have actively participated in the development of the secondary market of life insurance as a principal purchaser and financier within the asset class since 2006. Our position within the marketplace has allowed us to gain a deep understanding of the life insurance secondary market. We have participated in the leadership of various industry associations and forums, including the Life Insurance Settlement Association (LISA) and the Insurance Studies Institute (ISI). Our experience gives us confidence in building a company to compete in the industry and acquire a portfolio of life insurance policies that will perform to our expectations.

• Operational Platform: We have built and continue to refine and develop both an operational platform and systems for efficiently tracking, processing, and servicing life insurance policies that we believe provide competitive advantages when participating in the life insurance secondary marketplace.

• Origination and Underwriting Practices: We seek to use underwriting review processes and file documentation standards that generally meet published guidelines for rated securitizations of life insurance portfolios. We purchase life insurance policies we consider to be non-contestable and that meet our underwriting criteria and reviews. We consider a life insurance policy to be "non-contestable" once applicable state law prohibits the insurer from challenging the validity of the policy due to fraud. In this regard, state non-contestability laws generally require a period of one to two years to elapse after the initial issuance of the policy before that policy is considered non-contestable. Non-contestability laws do not, however, prevent an insurer from challenging the validity of a policy procured by fraud for lack of an insurable interest at the time at which the policy was purchased, such as is the case with so-called "stranger-originated" life insurance policies. To the extent we use modified methodologies for estimating life expectancies for small face policies, those modified methodologies may not meet published guidelines for rated securitizations of life insurance portfolios.

• Origination Relationships and Strategies: We have established origination relationships with life insurance policy brokers and insurance agents who submit policies for our purchase or financing. Our referral base knows our underwriting standards for purchasing life insurance policies in the secondary market, which provides confidence in our bidding and closing processes and streamlines our own due-diligence process. We expect to expand our origination methodology and channels with the proceeds of this offering (e.g., the addition of direct-to-consumer marketing).

• Life Expectancy Methodology: We generally rely on two life expectancy estimates obtained from independent third-party medical-actuarial underwriting firms to arrive at a life expectancy estimate we use for valuing a life insurance asset. For a majority of our life insurance asset purchases, we rely on estimates obtained from 21st Services and AVS Underwriting to develop our life expectancy estimate. We may, however, also obtain and use life expectancy estimates from other medical-actuarial underwriting firms. As explained above, we may from time to time modify our underwriting review processes, including our methodology for arriving at life expectancy estimates we use in ascribing value to a life insurance asset.

• Pricing Software and Methodology: To calculate our expected returns on the investments we make in life insurance assets, we use actuarial pricing methodologies and software tools built by a leading independent actuarial service firm and currently supported by Modeling Actuarial Pricing Systems, Inc. ("MAPS").

• Financing Strategy: We have actively developed a diversified financing strategy for accessing capital markets in support of our buy-and-hold strategy for our portfolio of life insurance policies, ranging from institutional bank financing to a network of broker-dealers registered with the Financial Industry Regulatory Authority ("FINRA"), many of whom have participated in one or more of our Series I Secured Note financing, our Series A Preferred Stock financing, or our earlier L Bond financing (such L Bonds originally issued under the name "Renewable Secured

Debentures" and renamed "L Bonds"). If in the future we decide to offer different kinds of investment products, we expect to leverage the network of broker-dealers that we have built over time.

On the other hand, our business involves a number of challenges and risks described in more detail elsewhere in this prospectus, including the following:

• Relatively New Market: Investing in life insurance assets in the secondary market is a relatively new and evolving market. Our ability to source and invest in life insurance assets at attractive prices materially depends on the continued growth of the secondary market for life insurance and the continued solvency of the life insurance companies that pay the face value of life insurance policy benefits.

• Asset Valuation Assumptions: The valuation of our portfolio life insurance assets—the principal asset on our balance sheet—requires us to make material assumptions that may ultimately prove to be incorrect. These assumptions include appropriate discount rates, cash flow projections, and the life expectancy estimates we use for these purposes, any of which may ultimately prove to be inaccurate.

• Ability to Expand Our Portfolio: Our business model requires us to achieve actual results that are in line with those we expect to attain from our investments in life insurance assets. In this regard, we believe that the larger the portfolio of life insurance assets we own, the greater likelihood there is that we will achieve results matching our expectations. Although we plan to expand the number of investments in life insurance assets using proceeds from the sale of our L Bonds, we may be unable to meet this goal. Furthermore, even if we successfully grow our portfolio of life insurance assets, we nevertheless may not achieve the results we expect.

• Reliance on Financing: We have chosen to finance our business almost entirely through the issuance of debt, including the sale of L Bonds in this offering and an ongoing continuous offering, previously issued L Bonds, Series I Secured Notes, and our use of a senior secured revolving credit facility. Our business model expects that we will have continued access to financing (including financing to expand or replace our existing financing) in order to purchase and finance a large and diversified portfolio of life insurance assets, and thereafter pay the attendant premiums and financing costs of maintaining that portfolio. We will be required to rely on our access to financing to pay premiums and interest until such time as we experience a significant amount of mortality within our portfolio and begin receiving significant revenues from the receipt of life insurance policy benefits. Even if we obtain the financing we require, we may not receive life insurance policy benefits that match our cash flow projections or meet them in time to earn profits after the payment of financing costs..

• Risk of Investment in Life Insurance Assets: Our investments in life insurance assets have inherent risks, including fraud and legal challenges to the validity of the life insurance policies. Examples of fraud include the possibility that the seller of a policy may have provided us with inaccurate or misleading information during the underwriting review process.

• Effects of Regulation: Our business is subject to complex state and federal regulation. Changes in state or federal laws and regulations governing our business, or changes in the interpretation of such laws and regulations, could materially and negatively affect our business.

Our business also involves certain challenges and risks described in the "Risk Factors" section of this prospectus.

Acquiring Life Insurance Assets

We seek to offer our services nationwide. In general, we work directly with consumers in states where we hold proper licensure, and in states where we are not licensed we work through other licensed providers. Historically, sourcing policy assets typically begins with life insurance agents and financial advisors ("agents") that identify consumers owning life insurance who could benefit from the extraction of value from their life insurance in the secondary market. The agents typically work with professional life insurance policy brokers specializing in packaging the policies for presentation to participants in the secondary market. Their packaging includes obtaining medical records on the insured, life expectancy estimates from medical-actuarial firms, current insurance policy illustrations, and other information needed to properly evaluate the policy. The only parties able to evaluate the policies are regulated licensed “providers.” Once the providers have evaluated the policy, offers are made to the owner through a competitive auction process whereby brokers facilitate competing offers from providers, concurrently negotiating fees.

We maintain membership affiliations and representation within key industry groups, such as the Life Insurance Settlement Association. Our Executive Chairman, Paul Siegert, currently serves on the board of the Life Insurance Settlement Association. We typically sponsor events and/or maintain a trade booth at events where we are able to maintain contacts with existing life settlement brokers and meet new brokers who submit policies for purchase.

We are developing new channels for acquiring life insurance assets by soliciting consumers directly, which may eliminate fees we pay brokers and competition we experience when a policy is auctioned through a broker. While these new channels are as yet unproven, we believe that consumer awareness of the life insurance secondary market is relatively low while the consumer value proposition is very high. As a result, these new channels may provide a significant growth opportunity for our business.

Life Insurance Policy Underwriting and Investment Process

The process used to value and underwrite life insurance policies is relatively new and continues to be refined. We underwrite and service all the life insurance policies that we purchase. When we identify a life insurance policy that meets our criteria, we seek to invest in the policy at a discount sufficient to provide us with an expected internal rate of return that meets our internal guidelines. Once our offer to invest in a policy is accepted, we enter into a purchase agreement with the seller. This agreement gives us the right to, among other things, pay premiums, collect policy benefits, file collateral assignments, change the ownership, and obtain medical records. The general terms and conditions of the agreement are standardized and regulated by most states.

We maintain an underwriting department with experience in underwriting life insurance policies for investment. The underwriting due diligence process consists of a careful review and analysis of available materials related to a life insurance policy and the covered individual. The goal of the underwriting process is to make an informed investment decision with respect to the life insurance policy. While we believe that our underwriting policies and practices are consistent with industry best practices, it is possible that the processes may change or may not accurately reflect actual mortality experience or catch fraud or deception by sellers. To the extent the underwriting is not accurate or we are subject to fraud or deception by sellers, the performance of policies may be different from expected results, which could adversely affect our profitability.

Life Insurance Policy Characteristics

We typically invest in universal life insurance policies whose insureds are 65 years or older and whose actuarial life expectancies are estimated to be less than 168 months (14 years). In some cases, however, we invest in term life insurance policies that are convertible into universal life insurance policies, depending upon the analysis of the life insurance policy and the insured's life expectancy estimate. The life expectancy estimate is the number of months the insured is expected to live based upon 50% mortality (meaning roughly half of the individuals with similar age, sex, smoking and medical statuses will have experienced mortality within that number of months), which is in turn based upon actuarial tables.

We invest only in life insurance assets that have been in force for more than two years from the policy issuance date and meet our other underwriting guidelines. We reserve the right to disqualify some life insurance companies or categories of life insurance policies for purchasing in our sole discretion.

Pricing Life Insurance Policies

Pricing involves an analysis of both the policy and the insured. An analysis of the insurance policy starts with an illustration obtained from the insurance company providing a schedule of level premium payments until the insured reaches age 125. Then, utilizing pricing software now owned by Modeling Actuarial Pricing Systems, Inc. ("MAPS"), we reverse engineer the premium schedule of the policy to determine a premium schedule that provides for the minimum payments required to keep the policy in effect. An analysis of the insured involves an actuarial evaluation of the insured's probable mortality at different points in the future—the mortality curve. This analysis covers the insured's entire projected lifespan using life expectancy estimates generated by third-party medical-actuarial underwriting firms or generated from base actuarial tables in the case of small face policies.

In determining the life expectancy estimate, we presently require two life expectancy estimates from independent third-party medical-actuarial underwriting firms, unless the life insurance policy is a small face policy (defined by us as a policy with $1,000,000 in face value benefits or less), in which case we may use a life expectancy estimate derived from base actuarial mortality table assumptions. When a life expectancy estimate is obtained from a medical-actuarial firm, the health of the insured is summarized by the underwriters in a written health assessment based on a review of the insured's historical and current medical records. Underwriting assesses the characteristics and health risks of the insured in order to quantify them into a mortality rating representing the life expectancy estimate. We currently average the life expectancy estimates provided by two independent medical-actuarial underwriting firms to form our

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life expectancy estimate for life insurance policies other than small face policies. 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. 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, including our present policy under which we generally obtain two life expectancy estimates from independent third-party medical-actuarial firms (other than for small face policies).

By combining the optimized premiums and the insured's life expectancy estimate within the MAPS software, we generate detailed information, including the expected mortality curve over the insured's total projected lifespan; the expected premiums and related costs over the insured's total projected lifespan; the expected policy benefit paid over the insured's total projected lifespan; the account values within the policy; and the expected internal rate of return we will achieve at various investment amounts. From this information, we are able to calculate the present value of the life insurance policy by discounting the anticipated cash flows at the targeted internal rate of return using the probabilistic pricing methodology used by the MAPS program. The actuarial value of the life insurance policy asset is the present value of the policy's cash flows discounted at an expected internal rate of return. We intend that our investments in life insurance assets will generate yields in excess of our borrowing and operating costs.

On September 15, 2014, 21st Services announced changes to its mortality tables primarily for insureds age 90 and older, as well as updated adjustment factors designed to better underwrite seniors with multiple impairments. We expect medical-actuarial underwriting firms to continue improving and refining their underwriting methodology. Future changes may impact the life expectancies of insureds within our portfolio and the value of those policies, which may in turn affect our results of operations. We generally expect to incorporate any such changes to the policies within our portfolio when and as we value that portfolio from time to time.

Portfolio Administration

We have developed a comprehensive administration and servicing platform to manage the life insurance assets we own. This allows us to safeguard our life insurance assets and to process and report on the assets in our portfolio. We regularly contact each insurance company on every policy we own to verify policy account values and to confirm the correct application of premium payments made, and the resulting account values inside the life insurance policy after application of the premium payment and the deduction of the cost of insurance. We typically maintain little account value inside the policy and seek to make only minimum premium payments necessary to keep the life insurance policy in force until the next scheduled premium payment.

In addition to policy servicing, we monitor insureds by periodically contacting them directly, or their appointed representatives, to confirm their location and health status. We monitor the social security database for mortalities as well as online obituary databases. When we are notified of an insured's mortality, we are required to obtain a copy of the death certificate and present it to the life insurance company for payment of the face value of the policy benefit.

Portfolio Management

We realize profits by earning a spread between the cost of our investment in our life insurance assets and the face value of the policy benefits paid upon the insured's mortality. We believe that building and managing a profitable portfolio of life insurance policies is complex, requires considerable technical knowledge and resources, and is subject to numerous regulations. We have developed extensive experience and discipline to work toward a stable and profitable portfolio. We update our actuarial projections each month for the portfolio based on the life expectancy estimates, premium payments made, and mortalities experienced. These data points combine to provide us with future forecasted cash flows with respect to our portfolio of life insurance assets. These forecasted future cash flows, along with our current financial position, are combined in a comprehensive model that includes detailed assumptions as to interest rates, financing costs, life insurance asset acquisitions, and capital markets activities. This comprehensive financial model enables us to closely monitor and manage our necessary capital reserves and attempt to project our future profitability.

While we believe our portfolio of life insurance assets represents a balanced and stable portfolio of life insurance assets, we seek to grow the size of the portfolio in order to further mitigate risk, enhance diversification, and improve our profitability. In order to assess the stability of our portfolio, we analyze longevity risk, which is the risk of the insured living longer than his or her life expectancy estimate. Longevity risk is the single largest variable affecting the returns on an investment in life insurance assets and the ability to predict the portfolio's value over time. Research by A.M. Best and others indicates that, as the number of insured lives increase within a portfolio of life insurance policies, there is a decrease in the standard deviation of the value of the portfolio — i.e., longevity risk is reduced with an increase in the number of insured lives. While Standard & Poor's has indicated that statistical credibility is unlikely to be achieved with a pool of less than 1,000 lives, a study published in 2014 by A.M. Best concluded that at least 300 lives is sufficient to narrow the band of expected cash flow volatility using the Monte Carlo simulations, which is the same methodology we use to evaluate our portfolios. Our internal analysis of our portfolio, which as of December 31, 2014 consisted of 265 lives, resulted in a standard deviation that is comparable with the A.M. Best measurement for a portfolio of 200 lives. We believe this result is due to the specific portfolio make up of our portfolio relative to the variation in underlying life expectancy estimates. Further, A.M. Best recommends that no one life should comprise more than 3.33% of the face value of an entire portfolio or collateral pool. As of December 31, 2014, the largest face value policy on one life in our portfolio represented approximately 1.28% of the total portfolio. We intend to maintain a well-diversified portfolio as we continue to expand our investments in life insurance assets.

We also believe our portfolio represents a profitable portfolio. In order to assess the profitability, we analyze the future cash flows expected from our portfolio of life insurance assets. The standard practice within the insurance industry is to analyze the timing of uncertain future cash flows through stochastic modeling, or Monte Carlo simulations. We continue to analyze the expected internal rates of return and spread against borrowing costs represented by our portfolio. As of December 31, 2014, the expected internal rate of return on our portfolio of life insurance assets was 11.78% and our weighted-average borrowing costs to finance our portfolio were 7.24%. As of March 31, 2015, the expected internal rate of return on our portfolio of life insurance assets was 11.33% and our weighted-average borrowing costs to finance our portfolio were 7.16%.

Portfolio Credit Risk Management

The life insurance assets in which we invest represent obligations of third-party life insurance companies to pay the benefits under the relevant policy. We rely on the payment of policy benefits by life insurance companies as our sole source of revenue collection. Accordingly, the possible insolvency of a life insurance company is a significant risk to our business. To manage this risk, we seek to invest in life insurance assets that are issued by insurance companies with investment-grade ratings from either A.M. Best, Moody's or Standard & Poor's. To further mitigate risk, we seek to have no more than 20% of our aggregate face value of policy benefits in our portfolio issued by any one life insurance company. In addition, to assure diversity and stability in our portfolio, we regularly review the various metrics of our portfolio relating to credit risk. We track industry rating agency reports and industry journals and articles in order to gain insight into possible financial problems of life insurance companies. Finally, we only invest in those life insurance policies that meet the underwriting standards established in the indenture governing our debt securities, as applicable.

As of March 31, 2015, 93.2% of insurance companies in our portfolio hold an investment-grade rating by Standard & Poor's (BBB- or better), and the highest percentage of face value of policy benefits issued by one life insurance company within our portfolio was 15.02%. Of the 44 insurance companies that insure the policies we own, ten companies insure approximately 72.50% of total face value of policy benefits and the other 34 insurance companies insure the remaining approximately 27.50% of total face value of policy benefits. The concentration risk of our ten largest insurance company holdings as of March 31, 2015 is set forth in the table below.

Rank	**Policy Benefits**		**Percentage of Policy Benefit Amount**		**Insurance Company**	**Ins. Co. S&P Rating**
1	$	113,380,000	15.02	%	AXA Equitable Life Insurance Company	A+
2	$	89,470,000	12.03	%	John Hancock Life Insurance Company (U.S.A.)	AA-
3	$	76,672,000	10.32	%	Transamerica Life Insurance Company	AA-

4	$	58,769,000	7.78	%	Jefferson-Pilot Life Insurance Company	AA-
5	$	56,215,000	6.00	%	Voya Retirement and Insurance Company	A
6	$	42,735,000	5.53	%	Massachusetts Mutual Life Insurance Company	AA+
7	$	41,750,000	4.47	%	American General Life Insurance Company	A+
8	$	30,500,000	4.04	%	Pacific Life Insurance Company	A+
9	$	28,450,000	3.77	%	West Coast Life Insurance Company	AA-
10	$	26,661,000	3.53	%	Metropolitan Life Insurance Company	AA-
			72.50	%		

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Servicing Agents

We have contracted with Wells Fargo Bank to provide servicing, collateral agent, and trustee services with respect to certain life insurance policies owned by DLP Funding II. We have contracted with Bank of Utah to provide trustee services with respect to all other life insurance policies we own. Wells Fargo Bank provides services for certain life insurance policies in connection with ownership and tracking of life insurance policies we own, including paying premiums, posting of payments (receipts) of the life insurance policies, certain monitoring, enforcement of rights and payer notifications, and related services. We reserve the right to service and provide collateral agent services for certain life insurance policies directly, or appoint additional or an alternative third-party servicer in the future.

Our Portfolio

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

Total portfolio face value of policy benefits	$ 754,942,000	
Average face value per policy	$ 2,577,000	
Average face value per insured life	$ 2,817,000	
Average age of insured (yrs.)	82.9	
Average life expectancy estimate (yrs.)	6.48	
Total number of policies	293	
Number of unique lives	268	
Gender	68% Males; 32% Females	
Number of smokers	3	
Largest policy as % of total portfolio	1.32	%
Average policy as % of total portfolio	0.34	%
Average annual premium as % of face value	3.35	

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

Distribution of Policy Benefits by Current Age of Insured

Min Age	**Max Age**	**Policy Benefits**		**Weighted Average Life Expectancy (yrs.)**	**Percentage of Total Policy Benefits**	
90	94		35,497,000	3.06	4.70	%
85	89		227,191,000	4.92	30.09	%
80	84		275,133,000	6.90	36.44	%
75	79		175,198,000	8.02	23.21	%
70	74		31,767,000	9.27	4.21	%
65	69	$	10,156,000	7.06	1.35	%
Total		**$**	**754,942,000**	**6.48**	**100.00**	**%**

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

Distribution of Policies by Current Age of Insured

Min Age	**Max Age**	**Policies**	**Weighted Average Life Expectancy (yrs.)**	**Percentage of Total Policies**	
90	94	16	3.06	5.46	%

85	89	95	4.92	32.42	%
80	84	98	6.90	33.45	%
75	79	58	8.02	19.80	%
70	74	18	9.27	6.14	%
65	69	8	7.06	2.73	%
Total		**293**	**6.48**	**100.00**	**%**

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

Distribution of Policies by Current Life Expectancies of Insured

Min LE (Months)	**Max LE (Months)**	**Policy Benefits**		**Distribution**	
10	47	$	121,539,000	16.10	%
48	71		199,233,000	26.39	%
72	95		227,107,000	30.08	%
96	119		141,111,000	18.69	%
120	143		54,200,000	7.18	%
144	159		11,752,000	1.56	%
Total		**$**	**754,942,000**	**100.00**	**%**

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, cardiovascular is the only primary disease category within our portfolio that represents a concentration of over 10%.

Our portfolio of life insurance policies, owned by our subsidiaries as of March 31, 2015, organized by the primary disease categories of the insured and associated policy benefits, is summarized below:

Distribution of Policy Benefits by Primary Disease Category

Primary Disease Category	**Policy Benefits**		**Distribution**	
Cancer	$	59,750,000	7.91	%
Cardiovascular		131,874,000	17.47	%
Cerebrovascular		24,462,000	3.24	%
Dementia		60,449,000	8.01	%
Diabetes		63,617,000	8.43	%
Multiple		176,585,000	23.39	%
Neurological disorders		16,104,000	2.13	%
No disease		94,718,000	12.55	%
Other		85,933,000	11.38	%
Respiratory diseases		41,450,000	5.49	%
Total policy benefits	**$**	**754,942,000**	**100.00**	**%**

The primary disease category represents a general category of impairment. Within the primary disease category, there are a multitude of sub-categorizations defined more specifically by ICD-9 codes. For example, a primary disease category of cardiovascular includes sub-categorizations such as atrial fibrillation, heart valve replacement, coronary atherosclerosis, etc. In addition, individuals may have more than one ICD-9 code describing multiple medical conditions within one or more primary disease categories. Where an individual's ICD-9 codes indicate medical conditions in more than one primary disease categories, we categorize the individual as having multiple primary disease categories. We expect to continue to develop and refine our identification and tracking on the insured individuals medical conditions as we manage our portfolio of life insurance policies.

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

Life Insurance Portfolio Detail

(as of March 31, 2015)

	Face Value		Gender	Age (ALB)	LE (mo.)	Insurance Company	S&P Rating
1	$	4,000,000	Male	94	36.2	MetLife Investors USA Insurance Company	AA-
2	$	1,100,000	Male	94	30.6	Voya Retirement and Insurance Company	A
3	$	1,500,000	Female	94	34.2	Aviva Life Insurance Company	A-
4	$	1,000,000	Female	93	40.2	Transamerica Life Insurance Company	AA-
5	$	3,200,000	Male	93	28.7	West Coast Life Insurance Company	AA-
6	$	264,000	Female	92	26.3	Lincoln Benefit Life Company	BBB+
7	$	250,000	Male	92	23.6	Transamerica Life Insurance Company	AA-
8	$	3,000,000	Male	91	47.9	West Coast Life Insurance Company	AA-
9	$	500,000	Male	91	16.7	John Hancock Life Insurance Company (U.S.A)	AA-
10	$	5,000,000	Female	91	54.7	American General Life Insurance Company	A+
11	$	2,000,000	Female	91	15.4	Pruco Life Insurance Company	AA-
12	$	1,682,773	Female	90	53.0	Hartford Life and Annuity Insurance Company	BBB+
13	$	5,000,000	Male	90	34.4	John Hancock Life Insurance Company (U.S.A)	AA-
14	$	1,000,000	Male	90	26.9	State Farm Life Insurance Company	AA-
15	$	5,000,000	Female	90	34.4	John Hancock Life Insurance Company (U.S.A)	AA-
16	$	1,000,000	Male	90	10.1	Voya Retirement and Insurance Company	A
17	$	1,000,000	Female	89	53.1	United of Omaha Life Insurance Company	A+
18	$	3,500,000	Female	89	58.7	John Hancock Life Insurance Company (U.S.A)	AA-
19	$	3,100,000	Female	89	36.0	Lincoln Benefit Life Company	BBB+
20	$	1,500,000	Female	89	70.0	Jefferson-Pilot Life Insurance Company	AA-
21	$	2,500,000	Female	89	9.7	AXA Equitable Life Insurance Company	A+
22	$	2,500,000	Female	89	9.7	AXA Equitable Life Insurance Company	A+
23	$	3,000,000	Female	89	35.5	Jefferson-Pilot Life Insurance Company	AA-
24	$	5,000,000	Female	89	42.3	Voya Retirement and Insurance Company	A
25	$	5,000,000	Female	89	20.1	Lincoln National Life Insurance Company	AA-
26	$	715,000	Female	89	62.6	Jefferson-Pilot Life Insurance Company	AA-
27	$	1,203,520	Male	89	46.2	Columbus Life Insurance Company	AA
28	$	1,350,000	Female	89	38.0	Jefferson-Pilot Life Insurance Company	AA-
29	$	600,000	Female	89	23.4	Columbus Life Insurance Company	AA
30	$	5,000,000	Female	88	51.7	Massachusetts Mutual Life Insurance Company	AA+
31	$	2,500,000	Female	88	50.3	American General Life Insurance Company	A+

32	$	2,500,000	Male	88	41.9	Pacific Life Insurance Company	A+
33	$	5,000,000	Male	88	55.6	AXA Equitable Life Insurance Company	A+
34	$	1,103,922	Female	88	64.6	Sun Life Assurance Company of Canada (U.S.)	AA-
35	$	1,500,000	Male	88	44.7	John Hancock Life Insurance Company (U.S.A)	AA-
36	$	1,500,000	Male	88	44.7	John Hancock Life Insurance Company (U.S.A)	AA-
37	$	1,000,000	Female	88	67.7	Transamerica Life Insurance Company	AA-
38	$	250,000	Female	88	67.7	Transamerica Life Insurance Company	AA-
39	$	1,050,000	Male	88	47.4	John Hancock Life Insurance Company (U.S.A)	AA-
40	$	500,000	Male	88	64.0	Lincoln National Life Insurance Company	AA-
41	$	4,785,380	Female	88	46.7	John Hancock Life Insurance Company (U.S.A)	AA-
42	$	1,803,455	Female	88	51.4	Metropolitan Life Insurance Company	AA-
43	$	1,529,270	Female	88	51.4	Metropolitan Life Insurance Company	AA-
44	$	800,000	Male	88	74.4	Lincoln National Life Insurance Company	AA-
45	$	5,000,000	Male	88	54.5	John Hancock Life Insurance Company (U.S.A)	AA-

	Face Value		Gender	Age (ALB)	LE (mo.)	Insurance Company	S&P Rating
46	$	2,225,000	Female	88	88.2	Transamerica Life Insurance Company	AA-
47	$	3,000,000	Female	88	84.2	Massachusetts Mutual Life Insurance Company	AA+
48	$	1,500,000	Male	88	48.5	Union Central Life Insurance Company	A+
49	$	3,500,000	Female	88	43.3	Lincoln National Life Insurance Company	AA-
50	$	3,000,000	Male	88	35.1	American General Life Insurance Company	A+
51	$	500,000	Female	87	70.4	Sun Life Assurance Company of Canada (U.S.)	AA-
52	$	5,000,000	Female	87	36.8	Transamerica Life Insurance Company	AA-
53	$	3,000,000	Male	87	53.2	Transamerica Life Insurance Company	AA-
54	$	250,000	Male	87	74.6	Metropolitan Life Insurance Company	AA-
55	$	6,000,000	Female	87	58.5	Sun Life Assurance Company of Canada (U.S.)	AA-
56	$	4,000,000	Female	87	74.6	Transamerica Life Insurance Company	AA-
57	$	1,000,000	Female	87	37.8	New York Life Insurance Company	AA+
58	$	1,000,000	Male	87	57.4	AXA Equitable Life Insurance Company	A+
59	$	10,000,000	Female	87	74.4	West Coast Life Insurance Company	AA-
60	$	2,500,000	Male	87	50.4	Transamerica Life Insurance Company	AA-
61	$	1,000,000	Female	87	53.3	West Coast Life Insurance Company	AA-
62	$	2,000,000	Female	87	53.3	West Coast Life Insurance Company	AA-
63	$	800,000	Male	87	57.8	National Western Life Insurance Company	A
64	$	200,000	Male	87	50.8	Lincoln Benefit Life Company	BBB+
65	$	4,445,467	Male	87	61.0	Penn Mutual Life Insurance Company	A+
66	$	7,500,000	Male	87	52.6	Jefferson-Pilot Life Insurance Company	AA-
67	$	3,600,000	Female	87	60.1	AXA Equitable Life Insurance Company	A+
68	$	1,000,000	Female	87	29.7	John Hancock Life Insurance Company (U.S.A)	AA-
69	$	4,513,823	Female	87	25.5	Aviva Life Insurance Company	A-
70	$	3,000,000	Male	87	45.9	Jefferson-Pilot Life Insurance Company	AA-
71	$	2,000,000	Male	87	49.3	John Hancock Life Insurance Company (U.S.A)	AA-
72	$	100,000	Female	87	59.6	American General Life Insurance Company	A+
73	$	100,000	Female	87	59.6	American General Life Insurance Company	A+
74	$	2,000,000	Female	87	77.6	U.S. Financial Life Insurance Company	A+
75	$	1,000,000	Male	86	63.4	John Hancock Life Insurance Company (U.S.A)	AA-
76	$	2,000,000	Male	86	63.4	John Hancock Life Insurance Company (U.S.A)	AA-
77	$	5,000,000	Male	86	51.4	Jefferson-Pilot Life Insurance Company	AA-
78	$	1,200,000	Male	86	62.6	Transamerica Life Insurance Company	AA-
79	$	1,000,000	Female	86	86.8	Voya Retirement and Insurance Company	A
80	$	200,000	Female	86	89.6	Lincoln National Life Insurance Company	AA-
81	$	3,000,000	Male	86	84.7	AXA Equitable Life Insurance Company	A+
82	$	8,500,000	Male	86	83.5	Massachusetts Mutual Life Insurance Company	AA+

83	$	1,000,000	Male	86	27.7	Transamerica Life Insurance Company	AA-
84	$	500,000	Male	86	84.3	Metropolitan Life Insurance Company	AA-
85	$	347,211	Male	86	46.9	Prudential Life Insurance Company	AA-
86	$	500,000	Female	86	57.4	Beneficial Life Insurance Company	N/A
87	$	5,000,000	Male	86	83.6	Lincoln National Life Insurance Company	AA-
88	$	2,000,000	Male	86	99.7	Voya Retirement and Insurance Company	A
89	$	2,000,000	Male	86	99.7	Voya Retirement and Insurance Company	A
90	$	2,000,000	Male	86	99.7	Voya Retirement and Insurance Company	A
91	$	1,365,000	Female	85	87.2	Transamerica Life Insurance Company	AA-
92	$	1,000,000	Male	85	42.2	Massachusetts Mutual Life Insurance Company	AA+
93	$	3,750,000	Male	85	78.4	AXA Equitable Life Insurance Company	A+
94	$	2,000,000	Male	85	87.0	Transamerica Life Insurance Company	AA-
95	$	1,000,000	Male	85	62.4	John Hancock Life Insurance Company (U.S.A)	AA-

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	Face Value		Gender	Age (ALB)	LE (mo.)	Insurance Company	S&P Rating
96	$	2,000,000	Female	85	87.1	AXA Equitable Life Insurance Company	A+
97	$	3,000,000	Female	85	85.7	Sun Life Assurance Company of Canada (U.S.)	AA-
98	$	2,328,547	Male	85	46.7	Metropolitan Life Insurance Company	AA-
99	$	2,000,000	Male	85	46.7	Metropolitan Life Insurance Company	AA-
100	$	2,000,000	Male	85	64.1	Jefferson-Pilot Life Insurance Company	AA-
101	$	1,500,000	Male	85	51.4	Voya Retirement and Insurance Company	A
102	$	1,500,000	Male	85	51.4	Voya Retirement and Insurance Company	A
103	$	3,000,000	Female	85	73.3	Transamerica Life Insurance Company	AA-
104	$	5,000,000	Male	85	75.5	Voya Retirement and Insurance Company	A
105	$	1,000,000	Male	85	49.5	John Hancock Life Insurance Company (U.S.A)	AA-
106	$	1,800,000	Male	85	55.0	John Hancock Variable Life Insurance Company	AA-
107	$	5,000,000	Female	85	94.7	American General Life Insurance Company	A+
108	$	2,000,000	Male	85	66.2	AXA Equitable Life Insurance Company	A+
109	$	1,750,000	Male	85	66.2	AXA Equitable Life Insurance Company	A+
110	$	2,000,000	Male	85	37.0	Transamerica Life Insurance Company	AA-
111	$	1,425,000	Male	85	83.2	John Hancock Life Insurance Company (U.S.A)	AA-
112	$	5,000,000	Female	84	99.1	AXA Equitable Life Insurance Company	A+
113	$	1,000,000	Female	84	85.5	John Hancock Life Insurance Company (U.S.A)	AA-
114	$	6,000,000	Female	84	112.8	American General Life Insurance Company	A+
115	$	1,500,000	Male	84	51.5	Transamerica Life Insurance Company	AA-
116	$	1,500,000	Female	84	111.0	Lincoln Benefit Life Company	BBB+
117	$	4,000,000	Male	84	39.3	John Hancock Life Insurance Company (U.S.A)	AA-
118	$	1,000,000	Male	84	80.8	John Hancock Life Insurance Company (U.S.A)	AA-
119	$	2,000,000	Female	84	100.7	Lincoln Benefit Life Company	BBB+
120	$	1,000,000	Male	84	56.5	Voya Retirement and Insurance Company	A
121	$	2,700,000	Male	84	64.0	John Hancock Life Insurance Company (U.S.A)	AA-
122	$	829,022	Female	84	27.0	Hartford Life and Annuity Insurance Company	BBB+
123	$	1,500,000	Male	84	81.6	AXA Equitable Life Insurance Company	A+
124	$	5,000,000	Male	84	91.3	Voya Retirement and Insurance Company	A
125	$	7,600,000	Female	84	101.0	Transamerica Life Insurance Company	AA-
126	$	2,500,000	Female	84	66.6	American General Life Insurance Company	A+
127	$	2,500,000	Male	84	61.8	AXA Equitable Life Insurance Company	A+
128	$	3,000,000	Male	84	61.8	Lincoln National Life Insurance Company	AA-
129	$	500,000	Male	84	43.2	Genworth Life Insurance Company	BBB-
130	$	4,000,000	Female	84	52.4	Voya Retirement and Insurance Company	A
131	$	3,000,000	Female	84	45.8	AXA Equitable Life Insurance Company	A+
132	$	1,703,959	Male	84	69.9	Jefferson-Pilot Life Insurance Company	AA-

133	$	500,000	Male	84	20.6	Great Southern Life Insurance Company	N/A
134	$	1,000,000	Male	84	60.4	Hartford Life and Annuity Insurance Company	BBB+
135	$	3,500,000	Female	84	109.8	Lincoln Benefit Life Company	BBB+
136	$	5,000,000	Male	83	68.1	AXA Equitable Life Insurance Company	A+
137	$	500,000	Male	83	103.2	Metropolitan Life Insurance Company	AA-
138	$	2,000,000	Male	83	42.3	National Life Insurance Company	A
139	$	4,200,000	Female	83	120.9	Transamerica Life Insurance Company	AA-
140	$	750,000	Male	83	91.3	West Coast Life Insurance Company	AA-
141	$	5,000,000	Male	83	76.1	AXA Equitable Life Insurance Company	A+
142	$	5,000,000	Male	83	77.2	Jefferson-Pilot Life Insurance Company	AA-
143	$	1,500,000	Male	83	78.7	Jefferson-Pilot Life Insurance Company	AA-
144	$	3,500,000	Female	83	91.1	AXA Equitable Life Insurance Company	A+
145	$	3,000,000	Female	83	96.4	MetLife Investors USA Insurance Company	AA-

	Face Value		Gender	Age (ALB)	LE (mo.)	Insurance Company	S&P Rating
146	$	4,500,000	Male	83	76.6	AXA Equitable Life Insurance Company	A+
147	$	250,000	Male	83	55.2	Transamerica Life Insurance Company	AA-
148	$	2,275,000	Male	83	96.3	Voya Retirement and Insurance Company	A
149	$	2,000,000	Male	83	88.4	Pacific Life Insurance Company	A+
150	$	3,500,000	Male	83	75.2	AXA Equitable Life Insurance Company	A+
151	$	3,000,000	Male	83	63.8	Metropolitan Life Insurance Company	AA-
152	$	1,500,000	Male	83	27.8	Pacific Life Insurance Company	A+
153	$	2,000,000	Female	83	100.6	Jefferson-Pilot Life Insurance Company	AA-
154	$	10,000,000	Female	83	60.9	American National Insurance Company	A
155	$	500,000	Male	83	27.6	West Coast Life Insurance Company	AA-
156	$	3,500,000	Female	82	95.1	Jefferson-Pilot Life Insurance Company	AA-
157	$	1,000,000	Male	82	71.6	Lincoln National Life Insurance Company	AA-
158	$	3,000,000	Male	82	43.2	U.S. Financial Life Insurance Company	A+
159	$	1,500,000	Male	82	60.2	Pacific Life Insurance Company	A+
160	$	5,000,000	Male	82	113.4	American General Life Insurance Company	A+
161	$	1,900,000	Male	82	68.7	American National Insurance Company	A
162	$	500,000	Male	82	48.5	New York Life Insurance Company	AA+
163	$	500,000	Male	82	48.5	New York Life Insurance Company	AA+
164	$	250,000	Male	82	34.9	Jackson National Life Insurance Company	AA
165	$	5,000,000	Female	82	78.7	Sun Life Assurance Company of Canada (U.S.)	AA-
166	$	750,000	Male	82	84.8	John Hancock Life Insurance Company (U.S.A)	AA-
167	$	1,995,000	Female	82	83.3	Transamerica Life Insurance Company	AA-
168	$	4,000,000	Male	82	59.6	Jefferson-Pilot Life Insurance Company	AA-
169	$	1,250,000	Female	82	63.8	Columbus Life Insurance Company	AA
170	$	10,000,000	Male	82	82.0	AXA Equitable Life Insurance Company	A+
171	$	2,300,000	Male	82	23.9	American General Life Insurance Company	A+
172	$	6,217,200	Female	82	108.8	Phoenix Life Insurance Company	B+
173	$	2,500,000	Female	82	74.8	Voya Retirement and Insurance Company	A
174	$	5,000,000	Female	82	59.9	Massachusetts Mutual Life Insurance Company	AA+
175	$	5,000,000	Male	82	78.8	Transamerica Life Insurance Company	AA-
176	$	350,000	Male	82	39.0	Reassure America Life Insurance Company	AA
177	$	5,000,000	Male	82	86.7	Jefferson-Pilot Life Insurance Company	AA-
178	$	3,000,000	Male	81	71.2	Protective Life Insurance Company	AA-
179	$	1,500,000	Male	81	71.2	American General Life Insurance Company	A+
180	$	2,000,000	Female	81	119.7	Transamerica Life Insurance Company	AA-
181	$	5,000,000	Male	81	96.5	AXA Equitable Life Insurance Company	A+
182	$	550,000	Male	81	108.2	Genworth Life Insurance Company	BBB-
183	$	1,680,000	Female	81	72.9	AXA Equitable Life Insurance Company	A+
184	$	1,000,000	Female	81	101.5	Jefferson-Pilot Life Insurance Company	AA-
185	$	250,000	Male	81	153.5	Voya Retirement and Insurance Company	A

186	$	1,250,000	Male	81	105.5	Metropolitan Life Insurance Company	AA-
187	$	1,000,000	Male	81	70.4	AXA Equitable Life Insurance Company	A+
188	$	1,250,000	Female	81	79.4	Principal Life Insurance Company	A+
189	$	2,000,000	Male	81	44.6	Jefferson-Pilot Life Insurance Company	AA-
190	$	10,000,000	Male	81	84.2	New York Life Insurance Company	AA+
191	$	5,000,000	Male	81	77.6	AXA Equitable Life Insurance Company	A+
192	$	300,000	Female	81	78.8	Hartford Life and Annuity Insurance Company	BBB+
193	$	2,502,000	Male	81	157.5	Transamerica Life Insurance Company	AA-
194	$	10,000,000	Male	81	119.0	John Hancock Life Insurance Company (U.S.A)	AA-
195	$	2,000,000	Male	81	74.4	Ohio National Life Assurance Corporation	AA-

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	Face Value		Gender	Age (ALB)	LE (mo.)	Insurance Company	S&P Rating
196	$	1,000,000	Male	81	74.4	Ohio National Life Assurance Corporation	AA-
197	$	3,000,000	Female	81	111.6	West Coast Life Insurance Company	AA-
198	$	7,000,000	Male	81	91.9	Genworth Life Insurance Company	BBB-
199	$	8,000,000	Male	80	88.7	AXA Equitable Life Insurance Company	A+
200	$	2,000,000	Male	80	32.0	Metropolitan Life Insurance Company	AA-
201	$	320,987	Female	80	111.9	John Hancock Life Insurance Company (U.S.A)	AA-
202	$	1,000,000	Male	80	61.2	AXA Equitable Life Insurance Company	A+
203	$	2,000,000	Female	80	95.0	Pacific Life Insurance Company	A+
204	$	3,000,000	Male	80	103.8	John Hancock Life Insurance Company (U.S.A)	AA-
205	$	1,750,000	Male	80	88.0	AXA Equitable Life Insurance Company	A+
206	$	250,000	Male	80	85.1	American General Life Insurance Company	A+
207	$	2,000,000	Female	80	93.5	Transamerica Life Insurance Company	AA-
208	$	3,000,000	Male	80	117.0	Principal Life Insurance Company	A+
209	$	1,210,000	Male	80	70.9	Lincoln National Life Insurance Company	AA-
210	$	3,000,000	Male	79	47.8	Pacific Life Insurance Company	A+
211	$	3,000,000	Male	79	47.8	Minnesota Life Insurance Company	A+
212	$	3,000,000	Male	79	47.8	Prudential Life Insurance Company	AA-
213	$	3,000,000	Male	79	96.9	Voya Retirement and Insurance Company	A
214	$	5,000,000	Male	79	84.9	Pacific Life Insurance Company	A+
215	$	5,000,000	Male	79	84.9	Pacific Life Insurance Company	A+
216	$	4,000,000	Male	79	86.6	Jefferson-Pilot Life Insurance Company	AA-
217	$	3,601,500	Male	79	100.8	Transamerica Life Insurance Company	AA-
218	$	5,000,000	Male	79	136.6	Principal Life Insurance Company	A+
219	$	5,000,000	Male	79	97.2	John Hancock Life Insurance Company (U.S.A)	AA-
220	$	7,000,000	Male	79	92.7	Lincoln Benefit Life Company	BBB+
221	$	476,574	Male	79	78.6	Transamerica Life Insurance Company	AA-
222	$	6,000,000	Male	79	129.6	AXA Equitable Life Insurance Company	A+
223	$	130,000	Male	79	55.8	Genworth Life Insurance Company	BBB-
224	$	1,000,000	Male	79	130.6	Empire General Life Assurance Corporation	AA-
225	$	4,300,000	Female	79	116.7	American National Insurance Company	A
226	$	6,000,000	Male	79	114.2	AXA Equitable Life Insurance Company	A+
227	$	750,000	Male	79	76.2	Lincoln National Life Insurance Company	AA-
228	$	500,000	Male	79	53.2	Transamerica Life Insurance Company	AA-
229	$	5,000,000	Male	78	85.1	John Hancock Life Insurance Company (U.S.A)	AA-
230	$	1,000,000	Male	78	97.6	Sun Life Assurance Company of Canada (U.S.)	AA-
231	$	5,000,000	Male	78	95.7	John Hancock Life Insurance Company (U.S.A)	AA-
232	$	1,009,467	Male	78	65.4	John Hancock Life Insurance Company (U.S.A)	AA-
233	$	4,000,000	Male	78	55.9	MetLife Investors USA Insurance Company	AA-

234	$	2,500,000	Male	78	94.8	Massachusetts Mutual Life Insurance Company	AA+
235	$	2,500,000	Male	78	94.8	Massachusetts Mutual Life Insurance Company	AA+
236	$	5,000,000	Male	78	62.8	John Hancock Life Insurance Company (U.S.A)	AA-
237	$	2,250,000	Male	78	101.2	Massachusetts Mutual Life Insurance Company	AA+
238	$	1,000,000	Female	78	131.3	John Hancock Life Insurance Company (U.S.A)	AA-
239	$	3,750,000	Male	78	64.9	AXA Equitable Life Insurance Company	A+
240	$	1,000,000	Male	78	117.7	Metropolitan Life Insurance Company	AA-
241	$	5,000,000	Female	78	123.9	Voya Retirement and Insurance Company	A
242	$	3,000,000	Male	78	102.7	Principal Life Insurance Company	A+
243	$	5,000,000	Male	77	126.0	Jefferson-Pilot Life Insurance Company	AA-

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	Face Value		Gender	Age (ALB)	LE (mo.)	Insurance Company	S&P Rating
244	$	500,000	Male	77	73.5	John Hancock Life Insurance Company (U.S.A)	AA-
245	$	1,000,000	Male	77	122.4	Metropolitan Life Insurance Company	AA-
246	$	2,840,000	Male	77	106.3	Transamerica Life Insurance Company	AA-
247	$	500,000	Female	77	123.9	Columbus Life Insurance Company	AA
248	$	750,000	Male	77	14.5	U.S. Financial Life Insurance Company	A+
249	$	1,000,000	Female	77	82.7	John Hancock Life Insurance Company (U.S.A)	AA-
250	$	1,750,000	Male	77	69.5	John Hancock Life Insurance Company (U.S.A)	AA-
251	$	5,000,000	Male	77	111.3	Transamerica Life Insurance Company	AA-
252	$	2,000,000	Female	77	63.3	Transamerica Life Insurance Company	AA-
253	$	3,000,000	Male	76	112.7	Protective Life Insurance Company	AA-
254	$	4,000,000	Male	76	75.2	Massachusetts Mutual Life Insurance Company	AA+
255	$	7,000,000	Female	76	131.8	Pacific Life Insurance Company	A+
256	$	1,000,000	Male	76	91.7	Pacific Life Insurance Company	A+
257	$	2,000,000	Male	76	128.9	Transamerica Life Insurance Company	AA-
258	$	150,000	Male	76	115.1	Genworth Life Insurance Company	BBB-
259	$	490,620	Male	76	94.9	Ameritas Life Insurance Corporation	A+
260	$	600,000	Male	76	92.2	Protective Life Insurance Company	AA-
261	$	5,000,000	Male	76	67.3	West Coast Life Insurance Company	AA-
262	$	5,000,000	Male	75	158.6	Prudential Life Insurance Company	AA-
263	$	3,000,000	Male	75	63.3	Aviva Life Insurance Company	A-
264	$	8,000,000	Male	75	112.8	Metropolitan Life Insurance Company	AA-
265	$	2,000,000	Female	75	128.8	Aviva Life Insurance Company	A-
266	$	5,000,000	Male	75	39.5	Lincoln Benefit Life Company	BBB+
267	$	850,000	Male	75	75.7	New York Life Insurance Company	AA+
268	$	200,000	Male	74	78.8	Voya Retirement and Insurance Company	A
269	$	4,000,000	Female	74	154.0	American General Life Insurance Company	A+
270	$	300,000	Male	74	22.6	Lincoln National Life Insurance Company	AA-
271	$	3,000,000	Female	74	126.0	General American Life Insurance Company	AA-
272	$	500,000	Male	73	44.3	Midland National Life Insurance Company	A+
273	$	3,000,000	Male	73	84.5	AXA Equitable Life Insurance Company	A+
274	$	2,000,000	Male	73	108.8	American General Life Insurance Company	A+
275	$	2,500,000	Male	72	108.5	American General Life Insurance Company	A+
276	$	1,167,000	Male	72	35.5	Transamerica Life Insurance Company	AA-
277	$	2,000,000	Male	71	113.9	New York Life Insurance Company	AA+
278	$	2,000,000	Male	71	113.9	New York Life Insurance Company	AA+
279	$	2,500,000	Male	71	129.4	Lincoln National Life Insurance Company	AA-
280	$	2,500,000	Male	71	129.4	John Hancock Life Insurance Company (U.S.A)	AA-

	Face Value		Gender	Age (ALB)	LE (mo.)	Insurance Company	S&P Rating
281	$	600,000	Male	71	97.1	AXA Equitable Life Insurance Company	A+
282	$	1,500,000	Male	71	123.4	Metropolitan Life Insurance Company	AA-
283	$	3,000,000	Male	70	87.1	John Hancock Life Insurance Company (U.S.A)	AA-
284	$	500,000	Male	70	104.9	Transamerica Life Insurance Company	AA-
285	$	500,000	Male	70	104.9	North American Company for Life And Health Insurance	A+
286	$	2,000,000	Male	68	126.7	Transamerica Life Insurance Company	AA-
287	$	1,000,000	Male	68	126.7	Genworth Life Insurance Company	BBB-
288	$	1,000,000	Male	68	73.5	Protective Life Insurance Company	AA-
289	$	156,538	Female	67	119.2	New York Life Insurance Company	AA+
290	$	2,000,000	Male	67	60.0	MetLife Investors USA Insurance Company	AA-
291	$	2,000,000	Male	67	60.0	MetLife Investors USA Insurance Company	AA-
292	$	1,000,000	Male	65	57.3	Lincoln National Life Insurance Company	AA-
293	$	1,000,000	Male	65	91.4	Transamerica Life Insurance Company	AA-
		754,942,235					

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(1) The insured's age is current as of the measurement date.

(2) The insured's life expectancy estimate, other than for a small face value insurance policy benefit, is the average of two life expectancy estimates provided by independent third-party medical actuarial underwriting firms at the time of purchase, actuarially adjusted through the measurement date.

Competition

We encounter significant competition in the life insurance purchasing and financing business from numerous companies, including hedge funds, investment banks, secured lenders, specialty life insurance finance companies and life insurance companies themselves. Many of these competitors have greater financial and other resources than we do and may have significantly lower cost of funds because they have greater access to insured deposits or the capital markets. Moreover, some of these competitors have significant cash reserves and can better fund shortfalls in collections that might have a more pronounced impact on companies such as ours. They also have greater market share. In the event that certain better-financed life insurance companies make a significant effort to compete against our business or the secondary market in general, we would experience significant challenges with our business model.

Competition can take many forms, including the pricing of the financing, transaction structuring, timeliness and responsiveness in processing a seller's application and customer service. Some competitors may outperform us in these areas. Some competitors target the same type of life insurance clients as we do and generally have operated in the markets we service for a longer period of time. Increased competition may result in increased costs of purchasing policies or may affect the availability and quality of policies that are available for our purchase. These factors could adversely affect our profitability by reducing our return on investment or increasing our risk.

Government Regulation

The life insurance sector is highly regulated at both the federal and state levels. We are subject to federal and state regulation and supervision in the life insurance purchasing and finance business. There are significant regulations in many states that require us to obtain specific licenses or approvals to be able to purchase life insurance policies in those states. We continually research and monitor regulations and apply for the appropriate licenses in the required states.

Governments at both the federal and state levels have continued to review the impact of the business on the life insurance industry. Moreover, recent federal government actions with respect to insurance companies have increased the federal government's role in regulating the insurance industry. Recently we have seen legislative efforts by state governments to mandate the sale or liquidation of life insurance policies as part of the Patient Protection and Affordable Care Act in order to increase the number of Americans covered by health insurance and decrease the cost of health care. This legislative effort is designed to monetize all assets of the insured prior to eligibility for health care provided under the Patient Protection and Affordable Care Act. These efforts may affect the number of life insurance policies available for purchase and their attractiveness.

State statutes typically provide state regulatory agencies with significant powers to interpret, administer and enforce the laws relating to the purchase of life insurance policies in those states. Under statutory authority, state regulators have broad discretionary power and may impose new licensing requirements, interpret or enforce existing regulatory requirements in different ways or issue new administrative rules (even if not contained in state statutes). State regulators may also impose rules that are generally adverse to our industry. Because the life insurance secondary market is relatively new and because of the history of certain abuses in the industry, we believe it is likely that state regulation will increase and grow more complex in the foreseeable future. We cannot, however, predict what any new regulation would specifically involve or how it might affect our industry or our business.

Any adverse change in present laws or regulations, or their interpretation, in one or more states in which we operate (or an aggregation of states in which we conduct a significant amount of business) could result in a curtailment or termination of operations in such jurisdictions by us, or cause us to modify our operations in a way that adversely affects our ultimate profitability. Any such action could have a corresponding material and negative impact on our results of operations and financial condition, primarily through a material decrease in revenues, and could also negatively affect our general business prospects.

On occasion, the SEC has attempted to regulate the purchase of non-variable life insurance policies as transactions in securities under federal securities laws. In July of 2010, the SEC issued a Staff Report of its Life Settlement Task Force. In that report, the Staff recommended that certain types of purchased life insurance policies be classified as securities. The SEC has not taken any position on the Staff Report, and there is no indication if the SEC will take any action to implement the recommendations of the Staff Report. In addition, there has been several federal court cases in which transactions involving the purchase and fractionalization of life insurance contracts have been held to be transactions in securities under the federal Securities Act of 1933. We presently believe that the matters discussed in the Staff Report, and existing case law, do not impact our current business model since our purchases of life settlements are distinguishable from those cases that have been held by courts, and advocated by the Staff Report, to be transactions in securities. For example, we are not involved in fractionalization of any life insurance policies, and we presently do not purchase variable life insurance policies.

If federal law were to change, whether by action of the Congress or through the courts, with the result that purchases of non-fractionalized and non-variable life insurance policies would be considered transactions in “securities,” we would be in violation of existing covenants under our revolving credit facility requiring us to not operate or be characterized as an “investment company” under the Investment Company Act of 1940. This could in the short-term or long-term affect our liquidity and increase our cost of capital and operational expenses, all of which would adversely affect our operating results. It is possible that such an outcome could threaten the viability of our business and our ability to satisfy our obligations as they come due.

With respect to state securities laws, almost all states currently treat the sale of a life insurance policy as a securities transaction under state laws, although some states exclude from the definition of a security the original sale from the insured or the policy owner to the life settlement provider. To date, due to the manner in which we conduct and structure our activities and the availability, in certain instances, of exceptions and exemptions under securities laws, such laws have not adversely impacted our business model.

State Life Settlement License Requirements

State laws differ as to the extent to which purchasers of life insurance policies are required to be licensed by a state regulatory agency. We may elect to conduct life insurance policy purchasing only in those states in which we are licensed or where no licensure is required. The licensing requirements differ from state to state, but where they exist, they typically require the payment of licensing fees, periodic reporting, and submission to audit by state regulators. We do not intend to purchase any life insurance policies in any states that require a license or similar qualification without first obtaining such license or qualification or purchasing through a licensed provider in that state.

The table below identifies all states (and the District of Columbia) in which we can conduct business directly with the seller of a life insurance policy or through a licensed provider. An asterisk (*) indicates that the state does not require licensing. In those states identified in the right-hand column, we can purchase policies through our provider relationships with Magna Administrative Services, Inc. Abacus Settlements, LLC, and Lotus Life, LLC. If our relationships with either Magna Administrative Services, Abacus Settlements or Lotus Life were to end, for any reason, we believe we would be able to enter into a relationship with a replacement provider shortly thereafter.

States Where We Conduct Business Directly	States Where We Conduct Business Through Other Licensed Providers
Alabama*	Colorado
Arizona	Georgia
Arkansas	Idaho
California	Nevada
Connecticut	New Jersey
Delaware	
District of Columbia*	
Florida	
Hawaii	
Illinois	
Indiana	
Iowa	
Kansas	
Kentucky	
Louisiana	
Maine	
Maryland	
Massachusetts	
Michigan*	
Minnesota	
Mississippi	
Missouri*	
Nebraska	
New Mexico*	
New York	
North Carolina	
Ohio	
Oklahoma	
Oregon	
Pennsylvania	
Rhode Island	
South Carolina*	
South Dakota*	
Tennessee	
Texas	
Virginia	
Washington	
Wisconsin	
Wyoming*	

We are not presently able to conduct business in the following states due to the fact that we neither have a license to operate in the state nor do we have a relationship with another licensed provider in such state: Alaska, Montana, New Hampshire, North Dakota, Utah, Vermont, and West Virginia.

Health Insurance Portability and Accountability Act (HIPAA)

HIPAA requires that holders of medical records maintain such records and implement procedures in ways designed to assure the privacy of patient records. HIPAA has precipitated widespread changes in record keeping, including patient consent forms and access restrictions in data processing software. In order to carry out our business, we receive medical records and obtain a release to share such records with a defined group of persons. We are entitled

to have access to patient information, take on the responsibility for preserving the privacy of that information, and use the information only for purposes related to the life insurance policies.

Employees

We employ approximately 40 total, full-time employees.

Properties

Our principal executive offices are located at 220 South Sixth Street, Suite 1200, Minneapolis, Minnesota 55402. At that location, we lease 11,695 square feet of space for a lease term expiring in August 2015. We believe that these facilities are adequate for our current needs and that suitable additional space will be available as needed.

Company Website Access and SEC Filings

The Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are filed with the SEC. The Company is subject to the informational requirements of the Exchange Act and files or furnishes reports, proxy statements and other information with the SEC.

Our general website address is www.gwglife.com. Our website has a wealth of information about our company, its mission, and our specialty finance business. It also has tools that could be used by our potential clients, financial advisors and investors alike.

Legal Proceedings

Our Chief Executive Officer, Jon R. Sabes, and our corporate secretary and Executive Vice President of Originations and Servicing, Steven F. Sabes, who together beneficially own approximately 74.8% of our common stock, are involved in litigation relating to claims by a bankruptcy trustee for loan payments made to an affiliate, Opportunity Finance, LLC. The litigation stems in part from the 2010 conviction of an individual operating a fraudulent business which filed for bankruptcy in 2008. The bankruptcy trustee alleges that loan repayments to Opportunity Finance were avoidable 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 payments may ultimately be deemed to be avoidable transfers under preference or other legal theories. In addition, GWG Holdings invested $1.0 million in Opportunity Finance, LLC in 2006 and was repaid and received $176,948 of interest income from that investment in 2007. To date, no claim has been made against the Company.

While we believe there are numerous meritorious defenses to the claims made by the bankruptcy trustee and others, and we are advised that the defendants in that action will vigorously defend against the trustee's claims, such defendants may not prevail in the litigation. If the bankruptcy trustee or a successful private plaintiff sought to sell or transfer the equity interests of Jon R. Sabes or Steven F. Sabes as a result of the litigation, there could be a change in control of the Company and our business together with all of our investors, including investors in our debentures, could be materially and adversely impacted. Such adverse results would likely arise in connection with negative change-in-control covenants contained in our revolving credit facility agreements, the breach of those covenants and an ensuing event of default under such facility. In addition, if the bankruptcy trustee or a private plaintiff sought to sell or transfer the equity interests of Jon R. Sabes or Steven F. Sabes as a result of the litigation, such transfers would adversely affect holders of our previously issued 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 the debentures. 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.

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MANAGEMENT AND DIRECTORS

Directors and Executive Officers

The name, age and positions of our current executive officers and directors are as follows:

Name	Age	Positions
Jon R. Sabes	48	Chief Executive Officer and Director
Paul A. Siegert	76	Executive Chairman (Chairman of the Board)
Steven F. Sabes	46	Executive Vice President of Originations and Servicing, Secretary and Director
William B. Acheson	50	Chief Financial Officer
Jon L. Gangelhoff	56	Chief Operating Officer
Michael D. Freedman	51	President
David H. Abramson	73	Director
Charles H. Maguire III	71	Director
Jeffrey L. McGregor	61	Director
Shawn R. Gensch	45	Director

Jon R. Sabes, co-founder and Chief Executive Officer of our company, is a financial professional with over 20 years of experience in the fields of finance, venture capital, business development, managerial operations, and federal taxation. Since 1999, Mr. Sabes has served as Chief Executive Officer of Opportunity Finance, LLC, a family investment company specializing in structured finance. Over his career, Mr. Sabes has been active in receivable financing, life insurance financing, and casualty insurance financing, structuring over $900 million in financing commitments for his related businesses. Mr. Sabes' experience includes co-founding and leading the development of two leading insurance-related finance companies: GWG Life, a company in the life insurance finance industry founded in 2006, and MedFinance, an innovator in casualty insurance and healthcare finance founded in 2005. Through these companies, Mr. Sabes has developed and applied financial structuring techniques, underwriting algorithms, and business modeling aspects to the insurance industry. Mr. Sabes' education includes a Juris Doctor degree cum laude from the University of Minnesota Law School, and a Bachelor of Arts degree in Economics from the University of Colorado. Over his career, Mr. Sabes has held several licenses and professional association memberships including FINRA Series 7, Series 63, Minnesota State Bar Association, and American Bar Association. In addition to being an active father of three, Mr. Sabes serves on the boards of Saving Children and Building Families, and the Insurance Studies Institute. Mr. Sabes is the brother of Steven F. Sabes. Mr. Sabes has served as our Chief Executive Officer, and a director, since 2006.

Paul A. Siegert, co-founder of our company, has over 50 years of experience in national and international business with focus on general business, financial and investment strategies, management practices, fiscal controls, profit incentives, systems and corporate structuring and governance. Over his career, Mr. Siegert has consulted to Fortune 500 corporations, regional firms, emerging businesses, government and education, and has served as director, general partner and advisor to partnerships and corporations, including restructuring of economically troubled businesses. Mr. Siegert has provided written testimony to the Senate Finance Committee regarding SEC practices and created two companies registered under the Investment Advisors Act of 1940. Mr. Siegert was an active participant in the formation and direction of the Colorado Institute for Artificial Intelligence at the University of Colorado. Mr. Siegert's education includes studies toward a Master of Business Administration, University of Chicago; and Bachelor of Science and Industrial Management, Purdue University. His insurance-related experiences include the creation of one of the nation's first employer self-funded life, medical and disability insurance programs; designing medical, life insurance and social security opt-out programs for educational institutions; incorporation of financial analysis disciplines in life insurance and estate planning; and strategizing of key-man insurance plans and life insurance in business continuation planning for corporations and senior executives. From 1979 to 1986, Mr. Siegert was nationally recognized as a tax and estate planning expert. In 1999, Mr. Siegert retired from active business to engage in various personal financial and investment endeavors. In 2004, he founded Great West Growth, LLC, a Nevada limited liability company and a predecessor to GWG Life, to purchase life insurance policies. In his capacities with GWG Life, he created an insurance policy valuation and pricing model, created life insurance policy purchase documentation, undertook state licensing and compliance and developed operating and marketing systems. Mr. Siegert currently serves as the President and Chief Executive Officer of the Insurance Studies Institute, which he founded in 2007, and also serves on the Board of Directors of the Life Insurance Settlement Association. Mr. Siegert currently serves as

Director and Executive Chairman of the Board of GWG Holdings, Inc., and served as its President until May 30, 2014. He has been active in a variety of charities and foundations, including Rotary International.

Steven F. Sabes, co-founder, Executive Vice President of Originations and Servicing, and Secretary of our company, is responsible for various managerial aspects of our business, with a specific focus on treasury and financial operations, life insurance policy purchasing, and specialty finance operations. Since 1998, Mr. Sabes has served as a Managing Director of Opportunity Finance, LLC, a family investment company specializing in structured finance. Mr. Sabes holds a Doctor of Philosophy in organic chemistry from the University of Minnesota, as well as a Bachelor of Arts degree in organic chemistry from Colorado College. Mr. Sabes is the brother of Jon Sabes. Mr. Sabes has served as our Secretary, and a director, since 2006. He also served as our Chief Operating Officer from 2006 until May 30, 2014, when he was appointed as our President. On November 13, 2014, Mr. Sabes resigned from the position of President and was appointed Executive Vice President of Originations and Servicing.

William B. Acheson became our Chief Financial Officer on May 30, 2014. Prior to joining us, Mr. Acheson served as Chief Financial Officer and Senior Vice President of Strategic Development for The Homeownership Preservation Foundation, a residential real estate foreclosure prevention organization seeded by GMAC, from 2009 through 2013. Prior to that, Mr. Acheson served as Managing Director of Global Structured Finance and Investments at Merrill Lynch in London, England, from 2007 through 2008. From 1991 to 2007, Mr. Acheson spent his career at GMAC-RESCAP, where he served as Managing Director for a number of business units, concluding his career as Chief Financial Officer of the United Kingdom division from 2005 through 2007. Mr. Acheson’s international experience includes structured finance, capital markets, and risk management experience in Canada, United Kingdom, Ireland, Eastern Europe, Western Europe, and Latin America. Mr. Acheson earned a Bachelor of Science degree in accounting from the College of St. Thomas in St. Paul, Minnesota, and earned his Certified Public Accountant certificate in 1991 while working for Ernst & Young in Minneapolis, Minnesota.

Jon L. Gangelhoff, our Chief Operating Officer, has served rapidly growing businesses in several industries as chief financial officer with a strong focus on business operations since 1986. Prior to joining our company as Chief Financial Officer in March 2009, he served as chief financial officer for Northern Metal Recycling, a metal recycling firm the sales of which exceeded $500 million annually, from 2006 to 2008. Mr. Gangelhoff’s responsibilities at Northern Metal Recycling included acquisition and related integration operations focused on finance, information systems, and human resources functions. Prior to that, from 2003 to 2006, Mr. Gangelhoff served as the chief financial officer of Kuhlman Company, formerly a public reporting company, where he established corporate infrastructure, developed financial reporting and internal control systems, and managed the SEC reporting process. During his 25-year career, Mr. Gangelhoff has used an integrated hands-on and financial management approach to improve the performance of the companies he served in a variety of industries. Mr. Gangelhoff holds a Bachelor of Arts degree from Mankato State University. Mr. Gangelhoff was appointed as our Chief Operating Officer on May 30, 2014.

Michael D. Freedman, our President, joined GWG in September 2014 as General Counsel and was appointed President in November. For over a decade, he has been the life settlement industry’s chief advocate for laws promoting life settlements as a way for seniors to fund their retirement and long-term care needs. Mr. Freedman was a driving force behind the development of life settlement laws in 42 states and more than 60 different pieces of legislation, including several federal laws. Also in 2014, Mr. Freedman was elected to the Board of Directors of the Life Insurance Settlement Association for a three-year term, and he founded Sentinel Solutions, LLC, a provider of strategic services to clients in the life settlement and related industries, including insurance and financial services. Previously he served as the Senior Vice President of Government Affairs at Coventry First, LLC, a participant in the life settlement industry, from June 2002 to December 2013. Mr. Freedman received his Juris Doctor from the University at Buffalo School of Law in 1993, for which he served for two years as the Graduate Fellow in Public Interest/Public Service. Mr. Freedman was appointed as our President on November 13, 2014.

David H. Abramson, a certified public accountant, is presently the Chairman and Chief Executive Officer of David Abramson & Associates, LLC, an executive search and leadership development and financial consulting firm that he founded in 2002. The firm provides retained executive search services at the senior leadership levels as well as senior leadership mentoring and coaching. In addition, the firm provides financial and other consulting services to clients. In 2001, Mr. Abramson was a Senior Vice President of AXA Financial/Equitable Life Insurance based in New York City, and served as Chairman and Chief Executive Officer of Grant Thornton Advisors, a joint venture of AXA Financial and Grant Thornton. Required by his responsibility, Mr. Abramson held NASD series 7, 24 and 66 licenses during his tenure at Grant Thornton Advisors. From 1999 to 2001 Mr. Abramson was Grant Thornton's

National Managing Partner of Financial Advisory Services where he led the design of the vision, strategy, governance and operational planning for Grant Thornton Advisors. Grant Thornton Advisors was designed to offer personal financial and estate planning, and investment and insurance products and services to middle-market companies, their owners and officers and other high net worth individuals.

The core of Mr. Abramson's career was as a Partner in Grant Thornton from 1972 until 2001. In 1972, Mr. Abramson became an Audit Partner and the Minneapolis Office Managing Partner, and he continued serving in those roles throughout most of his time at Grant Thornton. Mr. Abramson also became a member of Grant Thornton's National Senior Leadership Team in 1982 and continued in that role until 2001. In this regard, his primary responsibility was Regional Managing Partner with direct line responsibility over assigned operating offices throughout the country. From 1988 to 1990, Mr. Abramson was Grant Thornton's National Managing Director of Client Services directly responsible for the professional services of Assurance, Tax and Management Consulting as well as for Human Resources, Marketing and Strategic Planning. During the 1990s, Mr. Abramson also led the development and implementation of the Manufacturing/Distribution Services practice. Mr. Abramson's partners at Grant Thornton elected him to serve on Grant Thornton's 11-person Partnership Board for three terms from 1982 to 1990. This board provided oversight and direction related to governance, partner admission and compensation, financial and strategic issues.

Mr. Abramson previously served on the Board of Directors of Southwest Casino Corporation, and served as Chairman of that board's Audit Committee and a member of its Governance and Nominating Committee from 2006 to 2009. Mr. Abramson has also served as a board member, Chairman or President of a number of nonprofit organizations, including President of the Minnesota Society of CPAs, Chairman of The Greater Minneapolis Chamber of Commerce, and President of Temple Israel. He currently is a Member of the University of Minnesota Carlson School Of Management Alumni Board.

Mr. Abramson received his B.S. degree (Accounting) from the University of Minnesota and his M.B.A. from the University of Michigan.

Charles H. Maguire III, a registered FINRA Arbitrator, has over 35 years of experience in the financial services industry. The core of Mr. Maguire's career has been with Merrill Lynch and Company from 1969 to 2004. In one of his last positions with Merrill Lynch, Mr. Maguire served as Director of Financial Institutions Services Group, where he had complete responsibility for the Merrill Lynch's institutional client services within its domestic branch office system. In addition, Mr. Maguire oversaw the professional teams responsible for product creation and had oversight of an institutional trading desk in New York City. Mr. Maguire's most notable contribution to Merrill Lynch was the creation of the Consults Product, which to this day is one of the most profitable products at Merrill Lynch. In addition to serving as Director of Financial Institutions Services Group, Mr. Maguire held a variety of sales and management roles at Merrill Lynch, including Sales Manager, Resident Vice President, Regional Sales Manager, Senior Resident Vice President, and Managing Director.

From 2009 to 2011, Mr. Maguire served as a leadership consultant for the University of Cincinnati School of Medicine and the Economic Center, University of Cincinnati. From 2005 to 2007, Mr. Maguire also served as the Senior Advisor on Staff to the Governor of the State of South Carolina, the Director of Cabinet Affairs, and the Chief of Staff of the Department of Commerce for the State of South Carolina. During his tenure as Director of Cabinet Affairs for the Governor of the State of Carolina, Mr. Maguire was fully responsible for overseeing the operations of all agencies that reported to the Governor of South Carolina. In his role as Chief of Staff of the South Carolina Department of Commerce, Mr. Maguire was responsible for the daily operations of the Department of Commerce. During his tenure with the Department of Commerce, Mr. Maguire led the restructuring of the Department of Commerce, which led to South Carolina becoming one of the top three states for job creation and corporate relocations.

Mr. Maguire has served on the boards (or similar functions) of over 25 nonprofit organizations, including services as a trustee for Centre College, trustee for The Seven Hills School, member of the Charter Review Committee of Cincinnati, trustee for the Queen City Foundation, trustee and executive committee member for St. Elizabeth Medical Center, and President for the Joy Outdoor Education Center. Mr. Maguire holds a B.A. from Centre College.

Jeffrey L. McGregor has had an extensive career in the insurance and financial services industry, serving as President for three major financial sales and distribution companies. Mr. McGregor has 34 years of experience in sales, distribution strategies and leadership with a proven track record in sales and growth of annuity, life insurance, and mutual fund products. Mr. McGregor has been a quoted industry source for Ignites, Foxfire, Dalbar, Mutual Fund Forum and Investment News, and has served on numerous industry boards and associations, including the Life and Annuity

Advisory Board, the Mutual Fund Forum, and the International Association for Financial Planning. Mr. McGregor has written, published and presented a number of papers focused on the insurance and financial industry. Throughout his career, Mr. McGregor's primary focus has been to promote successful collaboration with employees, clients and colleagues to create respectful, profitable, and long-term relationships.

Mr. McGregor has led teams that represented all traditional life insurance products - term, whole life, universal life, disability insurance, long-term care, along with high-net worth and estate planning strategies that maximize the protection and tax advantages that life insurance products provide. Mr. McGregor has worked closely with product development teams in determining the risk and required sales results necessary to meet profitability targets. Mr. McGregor professional career encompasses the oversight and creation of marketing, sales presentations and advisor/only materials, seeking a balanced approached to the risks and rewards of the insurance, annuity and asset management products offered.

From 2005 to 2010, Mr. McGregor served as the President of RiverSource Distributors and Senior Vice President of Ameriprise Financial, Inc. During his tenure as the President of RiverSource Distributors, he was responsible for the sales and distribution of all insurance, annuity and asset management product lines of Ameriprise through existing and new channels. In this position, Mr. McGregor identified and greatly influenced strategy, compliance, profitability and the success of multiple insurance and investment products offered by Ameriprise.

From 2001 to 2004, Mr. McGregor was President of AXA Distributors, where he was responsible for the sales and distribution of insurance and annuity products manufactured by AXA Financial. In 2003, Mr. McGregor's sales team achieved annuity sales of $7.0 billion. This record sales year resulted in AXA Distributors' market share position going from number six in 2002 to number two in 2003. From 1988 to 1998, Mr. McGregor served in a variety of senior leadership positions for Colonial Investment Services. Mr. McGregor was named President of Colonial Investment Services in 1990 and joined Colonial's Board of Directors. During his tenure, assets under management grew from $9.0 billion to $24.0 billion. During Mr. McGregor's leadership, Colonial earned a number one rating in wholesaler and marketing support three times, according to Dalbar Survey. Over his career, Mr. McGregor has also worked with American Capital, Prudential-Bache Securities, Planco and IDS, where he began his career as a financial advisor in 1978. Mr. McGregor has earned numerous industry degrees and certifications, including LUTC CFP, CLU, and NASD licenses Series 7 and 24. Mr. McGregor received his B.S. and M.B.A. from California Coast University. In 2012, Mr. McGregor authored a life experience and motivational book—A Spirit Never Tires—which echoes his results driven style to inspire others through passion, energy, courage and a positive attitude.

Shawn R. Gensch is a financial and marketing executive with over 20 years of professional experience. Previously, Mr. Gensch was the Senior Vice President, Marketing, at Target Corporation, a role he held from 2012 through 2013, and in which he led, among other things, that corporation's media strategy, public relations, events and lifestyle marketing efforts. In previous marketing roles with Target, beginning in 2008, Mr. Gensch led brand marketing, storewide and seasonal campaigns, agency management, and marketing finance, production and technology teams. Prior to 2008, Marketing, Mr. Gensch served as the initial President of Target Bank (2003-2007), served as Vice President, Financial Product Design & Development, at Target Financial Services (2005-2008), and served as Director of New Business Development (2003-2005). Prior to joining Target Corporation in 2003, Mr. Gensch worked in various roles in the structured finance, insurance, banking and related consulting industries, including work as Vice President and Assistant Treasurer of Green Tree Financial Corporation (Conseco Finance), in which role he led that corporation's commercial paper program and asset-based funding conduits, syndicated banking lines and structured-finance securitization efforts across a variety of asset classes. Mr. Gensch began his career with KPMG as an Assurance Accountant in 1992.

Mr. Gensch is co-founder of a mobile technology company, serves as a director of Anser Innovation, a technology company developing Internet-based software and hardware to enhance remote interaction, and is currently also Chair of the Board of Directors of Avenues for Homeless Youth based in Minneapolis, Minnesota. He previously served on the Board of Directors of the Walker Art Center, Minneapolis, Minnesota. Mr. Gensch graduated from the University of Wisconsin-Eau Claire with a B.S. degree in accounting.

Director Qualifications, Independence and Board Committees

When considering whether directors have the experience, qualifications, attributes and skills to enable the Board of Directors to satisfy its oversight responsibilities effectively in light of the Company's business and structure, the Board of Directors focuses primarily on the information discussed in each of the directors' individual biographies set forth above. With regard to Mr. Jon R. Sabes, the board considered his significant experience, expertise and background with regard to financial matters, and his demonstrated experience and skills in managing the Company's business. With respect to Mr. Siegert, the board considered his significant experience in securities and finance, and his background in secondary life insurance market. With regard to Mr. Steven F. Sabes, the board considered his background and experience with the Company and its business. With regard to Mr. McGregor, the board considered his experience in the financial and insurance industries, and in particular his sales, marketing and leadership experience relative to those industries. In the case of Mr. Maguire, the board considered his extensive background in the financial services industry and service in various leadership positions for multiple organizations. With regard to Mr. Abramson, the board considered his extensive background and knowledge of accounting and finance, his focus on wealth management, and prior leadership positions. With regard to Mr. Gensch, the board considered his finance background as well as his marketing expertise.

The Board of Directors periodically reviews relationships that directors have with the Company to determine whether the directors are independent. Directors are considered "independent" as long as they do not accept any consulting, advisory or other compensatory fee (other than director fees) from the Company, are not an affiliated person of the Company or its subsidiaries (e.g., an officer or a greater-than-ten-percent stockholder) and are independent within the meaning of applicable laws, regulations, and the NASDAQ listing rules. In this latter regard, the Board of Directors uses the NASDAQ listing rules (specifically, Section 5605(a)(2) of such rules) as a benchmark for determining which, if any, of its directors are independent, solely in order to comply with applicable SEC disclosure rules. The Board of Directors has determined that, of its current directors, Messrs. Abramson, McGregor, Maguire III and Gensch are independent within the meaning of the NASDAQ listing rule cited above. In the case of Mr. Siegert, his position as an executive officer of the Company precludes him from being considered independent. In the case of both Messrs. Jon R. and Steven F. Sabes, their positions as executive officers of the Company, together with their beneficial ownership of more than ten percent of the common stock of the Company, similarly preclude them from being considered independent within the meaning of the cited NASDAQ listing rule.

Our Board of Directors has an Audit Committee, Compensation Committee and Nomination and Corporate Governance Committee. The Audit Committee is composed of Messrs. Abramson (Chair), McGregor, Maguire and Gensch. The Compensation Committee is composed of Messrs. Maguire (Chair), Abramson and Gensch. The Nomination and Corporate Governance Committee is composed of Messrs. McGregor (Chair) and Abramson.

Our Audit Committee, Compensation Committee, and Nomination and Corporate Governance Committee each comply with the listing requirements of The NASDAQ Marketplace Rules. At least one member of the Audit Committee, Mr. Abramson, is an "audit committee financial expert," as that term is defined in Item 401(h)(2) of Regulation S-K, and is "independent" as that term is defined in Rule 5605(a) of the NASDAQ Marketplace Rules.

Indemnification of Directors and Executive Officers

Section 145 of the Delaware General Corporation Law provides for, under certain circumstances, the indemnification of our officers, directors, employees and agents against liabilities that they may incur in such capacities. A summary of the circumstances in which such indemnification provided for is contained herein, but that description is qualified in its entirety by reference to the relevant Section of the Delaware General Corporation Law.

In general, the statute provides that any director, officer, employee or agent of a corporation may be indemnified against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred in a proceeding (including any civil, criminal, administrative or investigative proceeding) to which the individual was a party by reason of such status. Such indemnity may be provided if the indemnified person's actions resulting in the liabilities: (i) were taken in good faith; (ii) were reasonably believed to have been in or not opposed to our best interest; and (iii) with respect to any criminal action, such person had no reasonable cause to believe the actions were unlawful. Unless ordered by a court, indemnification generally may be awarded only after a determination of independent members of the Board of Directors or a committee thereof, by independent legal counsel or by vote of the stockholders that the applicable standard of conduct was met by the individual to be indemnified.

The statutory provisions further provide that to the extent a director, officer, employee or agent is wholly successful on the merits or otherwise in defense of any proceeding to which he was a party, he is entitled to receive indemnification against expenses, including attorneys' fees, actually and reasonably incurred in connection with the proceeding.

Indemnification in connection with a proceeding by or in the right of GWG Holdings, Inc. in which the director, officer, employee or agent is successful is permitted only with respect to expenses, including attorneys' fees actually and reasonably incurred in connection with the defense. In such actions, the person to be indemnified must have acted in good faith, in a manner believed to have been in our best interest and must not have been adjudged liable to us unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expense which the Court of Chancery or such other court shall deem proper. Indemnification is otherwise prohibited in connection with a proceeding brought on behalf of GWG Holdings, Inc. in which a director is adjudged liable to us, or in connection with any proceeding charging improper personal benefit to the director in which the director is adjudged liable for receipt of an improper personal benefit.

Delaware law authorizes us to reimburse or pay reasonable expenses incurred by a director, officer, employee or agent in connection with a proceeding in advance of a final disposition of the matter. Such advances of expenses are permitted if the person furnishes to us a written agreement to repay such advances if it is determined that he is not entitled to be indemnified by us.

The statutory section cited above further specifies that any provisions for indemnification of or advances for expenses does not exclude other rights under our Certificate of Incorporation, corporate bylaws, resolutions of our stockholders or disinterested directors, or otherwise. These indemnification provisions continue for a person who has ceased to be a director, officer, employee or agent of the corporation and inure to the benefit of the heirs, executors and administrators of such persons.

The statutory provision cited above also grants the power to GWG Holdings, Inc. to purchase and maintain insurance policies that protect any director, officer, employee or agent against any liability asserted against or incurred by him in such capacity arising out of his status as such. Such policies may provide for indemnification whether or not the corporation would otherwise have the power to provide for it.

Article 6 of our corporate bylaws provides that we shall indemnify our directors, officers, employees and agents to the fullest extent permitted by the Delaware General Corporation Law. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling GWG Holdings, Inc. pursuant to the foregoing provisions, we understand that in the opinion of the SEC such indemnification is against public policy as expressed in that Act and is therefore unenforceable.

We have purchased directors' and officers' liability insurance in order to limit the exposure to liability for indemnification of directors and officers, including liabilities under the Securities Act of 1933.

EXECUTIVE COMPENSATION
AND RELATED-PARTY TRANSACTION DISCLOSURES

Summary Compensation Table

The following table sets forth the cash and non-cash compensation awarded to or earned by: (i) each individual who served as the principal executive officer and principal financial officer of GWG Holdings during the years ended December 31, 2014 and 2013; and (ii) each other individual that served as an executive officer of either GWG Holdings or GWG Life, Inc. at the conclusion of the years ended December 31, 2014 and 2013 and who received more than $100,000 in the form of salary and bonus during such fiscal year. For purposes of this document, these individuals are collectively the “named executives” of the Company.

Name and Principal Position	Year	Salary		Bonus and Other		Total	
Jon R. Sabes	2014	$	371,546	$	40,036	$	411,582
Chief Executive Officer	2013	$	350,000	$	561,486	$	911,486
Michael D. Freedman	2014	$	87,500	$	102,985	$	190,485
President	2013	$	—	$	—	$	—
William B. Acheson	2014	$	115,385	$	6,060	$	121,445
Chief Financial Officer	2013	$	—	$	—	$	—
Jon L. Gangelhoff	2014	$	223,077	$	24,707	$	247,784
Chief Operating Officer	2013	$	120,000	$	70,520	$	190,520
Steven F. Sabes	2014	$	194,784	$	21,189	$	215,973
Executive Vice President and Secretary	2013	$	150,000	$	437,899	$	587,899
Paul A. Siegert	2014	$	186,539	$	21,189	$	207,728
President and Chairman of the Board	2013	$	150,000	$	56,867	$	206,867

Employment Agreements and Change-in-Control Provisions

In June 2011, we entered into employment agreements with each of Messrs. Jon R. Sabes, Steven F. Sabes, Paul A. Siegert and Jon Gangelhoff. Mr. Jon R. Sabes is our Chief Executive Officer; Mr. Steven F. Sabes is our Executive Vice President of Originations and Servicing and Secretary and previously served as our President and our Chief Operating Officer; Mr. Siegert previously served as our President and Chairman of the Board and is currently the Executive Chairman of the Board; and Mr. Gangelhoff previously served as our Chief Financial Officer and is currently our Chief Operating Officer. On May 30, 2014, we entered into an employment agreement with William Acheson coincident with his appointment as our new Chief Financial Officer. These employment agreements establish key employment terms (including reporting responsibilities, base salary, discretionary and bonus opportunity and other benefits), provide for severance benefits in certain situations, and contain non-competition, non-solicitation and confidentiality covenants.

Under their respective employment agreements, Mr. Jon R. Sabes receives an annual base salary of $480,000 (effective December 1, 2014), Messrs. Steven F. Sabes, William Acheson and Paul A. Siegert receive an annual base salary of $200,000, and Mr. Gangelhoff receives an annual base salary of $250,000. The employment agreements contain customary provisions prohibiting the executives from soliciting our employees for a period of 12–18 months after any termination of employment, and from competing with the Company for either two years (if the executive is terminated for good cause or if he resigns without good reason) or one year (if we terminate the executive’s employment without good cause or if he resigns with good reason). In the case of Mr. Acheson, his employment agreement prohibits him from competing against the Company for a one-year period after his termination of employment, regardless of the circumstances relating to that termination. If an executive's employment is terminated by us without "good cause" or if the executive voluntarily resigns with "good reason," then the executive will be entitled to (i) severance pay for

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a period of 12 months and (ii) reimbursement for health insurance premiums for his family if he elects continued coverage under COBRA.

The employment agreements for Messrs. Jon R. Sabes, Steve F. Sabes and Paul A. Siegert also provide that we will reimburse them for any legal costs they incur in enforcing their rights under the employment agreement and, to the fullest extent permitted by applicable law, indemnify them for claims, costs and expenses arising in connection with their employment, regardless of the outcome of any such legal contest, as well as interest at the prime rate on any payments under the employment agreements that are determined to be past due, unless prohibited by law.

All of the foregoing executive employment agreements include a provision allowing us to reduce their severance payments and any other payments to which the executive becomes entitled as a result of our change in control to the extent needed for the executive to avoid paying an excise tax under Code Section 280G, unless the named executive officer is better off, on an after-tax basis, receiving the full amount of such payments and paying the excise taxes due.

In September 2014, we entered into an employment agreement with Michael D. Freedman, who was appointed as our President in November 2014. Under his employment agreement, Mr. Freedman receives an annual base salary of $350,000 and a signing bonus of $200,000. His employment agreement contains customary provisions prohibiting him from soliciting our employees or customers for a one-year period after his termination of employment, regardless of the circumstances relating to that termination. If Mr. Freedman's employment is terminated without "cause" or if he voluntarily resigns with "good reason," then he will be entitled to (i) severance pay equal to one-half of his annual salary then in effect (if such termination or resignation occurs one year or less from the date he was first employed by the Company) or his annual salary then in effect (if such termination or resignation occurs more than one year from the date he was first employed by the Company) 12 months; and (ii) reimbursement for health insurance premiums for his family if he elects continued coverage under COBRA for 6 months (if such termination or resignation occurs one year or less from the date he was first employed by the Company) or for 12 months (if such termination or resignation occurs more than one year from the date he was first employed by the Company).

2013 Stock Incentive Plan

In April 2013, our Board of Directors and our stockholders adopted the 2013 Stock Incentive Plan. The plan was subsequently revised on March 4, 2015 and reserved 2,000,000 shares of common stock for issuance. The 2013 Stock Incentive Plan permits the grant of both incentive and non-statutory stock options. As of December 31, 2014, there are 682,101 common shares issuable upon exercise of outstanding incentives granted under the plan. The Board of Directors adopted the 2013 Stock Incentive Plan to provide a means by which our employees, directors, officers and consultants may be granted an opportunity to purchase our common stock, to assist in retaining the services of such persons, to secure and retain the services of persons capable of filling such positions and to provide incentives for such persons to exert maximum efforts for our success.

In September 2014, as an inducement grant we granted an option outside the 2013 Stock Incentive Plan, exercisable into an aggregate of 318,000 shares of common stock, to Michael D. Freedman, who was then a new management employee.

Outstanding Equity Awards at Fiscal Year End

As of December 31, 2014, our named executives had the following outstanding options to purchase common stock:

	Vested Shares	Un-Vested Shares	Total Shares
Jon R. Sabes	2,000	19,000	21,000
Michael D. Freedman	—	318,000	318,000
William B. Acheson	2,500	40,000	42,500

Jon L. Gangelhoff	59,000	33,000	92,000
Steven F. Sabes	25,833	16,667	42,500
Paul A. Siegert	25,834	11,666	37,500
	115,167	438,333	553,500

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Related-Party Transactions

On July 11, 2011, we entered into a Purchase and Sale Agreement with Athena Securities Group, Ltd. and Athena Structured Funds PLC. These companies were affiliated with Brian Tyrell, then a director of the Company. Under this agreement, we issued to Athena Securities Group, Ltd. ("Athena") 494,500 shares of common stock, which was equal to 9.9% of our then-outstanding shares, in exchange for shares equal to 9.9% of the outstanding shares in Athena Structured Funds, PLC and cash of $5,000. This 2011 agreement had contemplated cooperative efforts by the parties aimed at developing a security and related offering in Europe or Ireland, the proceeds of which would be used to finance the acquisition of life-insurance related assets in the United States. In 2013, we sought to terminate the 2011 agreement due to a changing regulatory environment in Europe that negatively affected the likelihood of consummating the contemplated offering of securities, and our dissatisfaction with Athena's performance under the 2011 agreement. As a result, in June 2013 we entered into a second Purchase and Sale Agreement with Athena Securities Ltd. and Athena. This agreement effected the termination of the 2011 agreement. The June 2013 agreement contained mutual general releases of claims and substantially unwound certain capital stock transactions that had been effected under the 2011 agreement. In particular, Athena returned to us for redemption 432,500 shares of our common stock, and retained 62,000 common shares in recognition of their earlier efforts under the 2011 agreement. For our part, we sold back to Athena all of our ownership in Athena Structured Funds, PLC that we had originally acquired under the 2011 agreement. Presently, we have no ongoing business relationship with Athena.

Related-Party Transaction Policy

In all cases, we abide by applicable state corporate law when approving all transactions, including transactions involving officers, directors or affiliates. More particularly, our policy is to have any related-party transactions (i.e., transactions involving a director, an officer or an affiliate of the Company) be approved solely by a majority of the disinterested and independent directors serving on our Board of Directors. Presently, we have four independent directors on the board, and intend to maintain a board on which independent directors comprise a majority of directors serving on the board.

DIRECTOR COMPENSATION

The following table sets forth the cash and non-cash compensation awarded to or earned by each individual who served as a member of the board of directors of GWG Holdings during the year ended December 31, 2014.

Director's Name	2014 Fees Earned or Paid in Cash
Paul A. Siegert (Chairman)	$ 20,000
Jon R. Sabes	$ 20,000
Steven F. Sabes	$ 20,000
David H. Abramson	$ 44,000
Charles H. Maguire III	$ 32,000
Jeffrey L. McGregor	$ 32,000
Shawn R. Gensch	$ 21,000

Each independent board member receives base compensation of $5,000 and an option to purchase 1,000 shares of the Company's common stock per quarter. In addition, the chairman of the audit committee receives $4,000 and an option to purchase up to 1,000 shares of the Company's common stock per quarter. The chairmen of the compensation committee and the corporate governance committee each receive $2,000 and an option to purchase up to 500 shares of the Company's common stock per quarter. Also each non-chair member of committees receives $1,000 and an option to purchase up to 250 shares of the Company's common stock per quarter.

Upon joining the board, each independent director also received stock options that vest quarterly over three years commensurate with their board responsibilities as follows: David H. Abramson 42,500 options, Jeffrey L. McGregor

29,750 options, Charles H. Maguire III 29,750 options, and Shawn R. Gensch 22,500 options. The executive officers employed by the Company receive no additional compensation for service on the board.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the number and percentage of outstanding common shares beneficially owned as of May 19, 2015, by:

- each person known by us to be the beneficial owner of more than five percent of our outstanding common stock;
- each of our current directors;
- each our current executive officers and any other persons identified as a "named executive" in the Summary Compensation Table above; and
- all our current executive officers and directors as a group.

Shares beneficially owned and percentage ownership is based on 5,870,193 shares of common stock outstanding. Beneficial ownership is determined in accordance with the rules of the SEC, and includes general voting power and/or investment power with respect to securities. Shares of common stock issuable upon exercise of options or warrants that are currently exercisable or exercisable within 60 days of the record rate, and shares of common stock issuable upon conversion of other securities currently convertible or convertible within 60 days, are deemed outstanding for computing the beneficial ownership percentage of the person holding such securities but are not deemed outstanding for computing the beneficial ownership percentage of any other person. Under the applicable SEC rules, each person's beneficial ownership is calculated by dividing the total number of shares with respect to which they possess beneficial ownership by the total number of outstanding shares of the Company. In any case where an individual has beneficial ownership over securities that are not outstanding, but are issuable upon the exercise of options or warrants or similar rights within the next 60 days, that same number of shares is added to the denominator in the calculation described above. Because the calculation of each person's beneficial ownership set forth in the "Percentage of Common Shares" column of the table may include shares that are not presently outstanding, the sum total of the percentages set forth in such column may exceed 100%. Unless otherwise indicated, the address of each of the following persons is 220 South Sixth Street, Suite 1200, Minneapolis, Minnesota 55402, and each such person has sole voting and investment power with respect to the shares set forth opposite his, her or its name.

Name	Shares Beneficially Owned	Percentage of Shares Beneficially Owned	
Jon R. Sabes(1)	2,516,060	42.8	%
Steven F. Sabes(2)	2,488,748	42.2	%
Paul A. Siegert(3)	227,946	3.9	%
Jon L. Gangelhoff(4)	60,667		*
David H. Abramson(5)	32,500		*
Jeffrey L. McGregor(6)	22,750		*
Charles H. Maguire(7)	22,750		*
Shawn R. Gensch(8)	12,000		*
Michael D. Freedman(9)	2,700		*
William B. Acheson(10)	12,500		*
All current directors and officers as a group	4,809,535	79.0	%

* less than one percent.

(1) Mr. Sabes is our Chief Executive Officer and a director of the Company. Shares reflected in the table include 1,092,276 shares held individually, 489,086 shares held by Opportunity Finance, LLC, a Minnesota limited liability

company of which Mr. Sabes is a manager and member, 169,671 shares held by Jon Sabes 1992 Trust No.1, a trust of which Mr. Sabes is the beneficiary, 168,801 shares held by Jon Sabes 12.30.92 Trust, a trust of which Mr. Sabes is a beneficiary, 241,631 shares held by Jon Sabes 1982 Trust, a trust of which Mr. Sabes is a beneficiary, and 163,737 shares held by Jon Sabes 1976 Trust, a trust of which Mr. Sabes is a beneficiary. Also included are 102,192 shares held by Mr. Sabes' immediate family members. The trustees of each of the trusts are Robert W. Sabes, Steve F. Sabes and Ross A. Sabes. The number of shares also includes 3,667 stock options currently exercisable or exercisable within 60 days granted pursuant to stock option agreements. Figures also include 100,000 shares held by Insurance Strategies Fund, LLC, a Delaware limited liability company over whose securities each of Jon R. and Steven F. Sabes exercise voting and dispositive control. Jon R. and Steve F. Sabes disclaim beneficial ownership over the shares held by Insurance Strategies Fund, LLC except to the extent of their pecuniary interest in such shares.

(2) Mr. Sabes is our Executive Vice President of Originations and Servicing, Secretary and a director of the Company. Shares reflected in the table include 799,779 shares held individually, 489,086 shares held by Opportunity Finance, LLC, a Minnesota limited liability company of which Mr. Sabes is a manager and member, 521,158 shares held by Moe Sabes 1982 Trust FBO Steven Sabes, a trust of which Mr. Sabes is the beneficiary, 350,779 shares held by Esther Sabes 1992 Trust FBO Steven Sabes, a trust of which Mr. Sabes is a beneficiary, and 200,445 shares held by Moe Sabes 1976 Trust FBO Steven Sabes, a trust of which Mr. Sabes is a beneficiary. The trustees of each of the trusts are Robert W. Sabes, Jon R. Sabes and Ross A. Sabes. The number of shares also includes 27,501 stock options currently exercisable or exercisable within 60 days granted pursuant to stock option agreements. Figures also includes 100,000 shares held by Insurance Strategies Fund, LLC, a Delaware limited liability company over whose securities each of Jon R. and Steven F. Sabes exercise voting and dispositive control. Jon R. and Steve F. Sabes disclaim beneficial ownership over the shares held by Insurance Strategies Fund, LLC except to the extent of their pecuniary interest in such shares.

(3) Mr. Siegert is our President and a director of the Company (Chairman). Shares reflected in the table include 200,445 shares held individually and 27,501 of vested stock options granted pursuant to the Company's 2013 Stock Incentive Plan.

(4) Mr. Gangelhoff is our Chief Operating Officer. Shares reflected in the table include 60,667 of vested stock options granted pursuant to the Company's 2013 Stock Incentive Plan.

(5) Mr. Abramson is a director of the Company. Shares reflected in the table include 35,000 of stock options vested or vesting within 60 days or less, granted pursuant to the Company's 2013 Stock Incentive Plan.

(6) Mr. McGregor is a director of the Company. Shares reflected in the table include 22,750 of stock options vested or vesting within 60 days or less, granted pursuant to the Company's 2013 Stock Incentive Plan.

(7) Mr. Maguire is a director of the Company. Shares reflected in the table include 22,750 of stock options vested or vesting within 60 days or less, granted pursuant to the Company's 2013 Stock Incentive Plan.

(8) Mr. Gensch is a director of the Company. Shares reflected in the table include 12,000 of vested stock options vested or vesting within 60 days or less, granted pursuant to the Company's 2013 Stock Incentive Plan.

(9) Mr. Freedman is our President. Shares reflected in the table include 2,700 shares held individually.

(10) Mr. Acheson is our Chief Financial Officer. Shares reflected in the table include 12,500 of vested stock options granted pursuant to the Company's 2013 Stock Incentive Plan.

DESCRIPTION OF THE L BONDS

General

The L Bonds are secured obligations of GWG Holdings. The L Bonds will be issued under the indenture between us and Bank of Utah as the indenture trustee, dated October 19, 2011, as amended or supplemented from time to time, including by that certain Amendment No. 2 to Indenture entered into effective as January 9, 2015 (referred to collectively herein as the “indenture”). The terms and conditions of the L Bonds include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939. The following is a summary of the material provisions of the indenture. For a complete understanding of the L Bonds, you should review the definitive terms and conditions contained in the indenture, which include definitions of certain terms used below. A copy of the indenture has been filed with the SEC as an exhibit to the registration statement of which this prospectus is a part, and is available from us at no charge upon request.

The following is a summary of the material terms associated with the L Bonds: