

GWG Holdings, Inc.  
Form 10-Q  
November 14, 2012

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

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FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2012

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: None

GWG HOLDINGS, INC.  
(Exact name of registrant as specified in its charter)

Delaware	26-2222607
(State or other	(I.R.S. Employer
jurisdiction of	Identification No.)
incorporation or	
organization)	

220 South Sixth Street, Suite 1200  
Minneapolis, MN 55402  
(Address of principal executive offices, including zip code)

(612) 746-1944  
(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. T Yes £ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). £ Yes £ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

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Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).   
Yes  No

As of November 14, 2012, GWG Holdings, Inc. had 9,989,000 shares of common stock outstanding.

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GWG HOLDINGS, INC.

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for the Quarter Ended September 30, 2012

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## PART I—FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

GWG HOLDINGS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2012 (unaudited)	December 31, 2011
<b>A S S E T S</b>		
Cash and cash equivalents	\$ 18,264,139	\$ 1,878,349
Restricted cash	1,424,466	4,794,302
Investment in life settlements, at fair value	147,828,800	122,168,524
Other assets	884,631	548,100
<b>TOTAL ASSETS</b>	<b>\$ 168,402,036</b>	<b>\$ 129,389,275</b>
<b>LIABILITIES &amp; EQUITY (DEFICIT)</b>		
<b>LIABILITIES</b>		
Revolving credit facility	\$ 66,000,000	\$ 60,000,000
Series I Secured notes payable	39,221,704	48,179,271
Renewable secured debentures	32,112,270	-
Interest payable	2,870,900	1,887,835
Accounts payable and accrued expenses	2,243,000	1,404,107
Deferred taxes, net	4,411,929	4,308,217
<b>TOTAL LIABILITIES</b>	<b>146,859,803</b>	<b>115,779,430</b>
<b>CONVERTIBLE, REDEEMABLE PREFERRED STOCK</b>		
(par value \$0.001; shares authorized 40,000,000; shares issued and outstanding 3,339,484 and 1,881,329; liquidation preference of \$25,046,000 (unaudited) and \$14,110,000, respectively)	23,391,533	12,661,276
<b>EQUITY (DEFICIT)</b>		
Common stock (par value \$0.001; shares authorized 210,000,000; shares issued and outstanding is 9,989,000 on both September 30, 2012 (unaudited) and December 31, 2011)	9,989	9,989
Additional paid-in capital	7,335,887	8,169,303
Accumulated deficit	(9,195,176 )	(7,230,723 )
<b>TOTAL EQUITY (DEFICIT)</b>	<b>(1,849,300 )</b>	<b>948,569</b>
<b>TOTAL LIABILITIES &amp; EQUITY (DEFICIT)</b>	<b>\$ 168,402,036</b>	<b>\$ 129,389,275</b>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GWG HOLDINGS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
<b>REVENUE</b>				
Gain on life settlements, net	\$4,788,291	\$3,857,131	\$10,257,537	\$14,151,240
Interest and other income	5,681	9,280	54,576	41,250
<b>TOTAL REVENUE</b>	<b>4,793,972</b>	<b>3,866,411</b>	<b>10,312,113</b>	<b>14,192,490</b>
<b>EXPENSES</b>				
Employee compensation and benefits	745,386	461,824	1,862,469	1,403,844
Legal and professional fees	250,648	286,681	952,051	597,230
Interest expense	2,803,185	2,830,689	7,621,177	6,141,901
Investment banking services	-	3,595,027	-	3,595,027
Other expenses	474,504	375,892	1,737,157	944,409
<b>TOTAL EXPENSES</b>	<b>4,273,723</b>	<b>7,550,113</b>	<b>12,172,854</b>	<b>12,682,411</b>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>520,249</b>	<b>(3,683,702)</b>	<b>(1,860,741)</b>	<b>1,510,079</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>	<b>633,572</b>	<b>(1,417,649)</b>	<b>103,712</b>	<b>2,363,851</b>
<b>NET (LOSS)</b>	<b>\$(113,323)</b>	<b>\$(2,266,053)</b>	<b>\$(1,964,453)</b>	<b>\$(853,772)</b>