



Bonds to two (2) of Respondent's clients in which the client invested twenty-four percent (24%) and twenty-nine (29%) of their net worth in L Bonds, exceeding the fifteen percent (15%) threshold for investing in alternative investments set out by the firm's WSPs. And one (1) of these two (2) clients was seventy-four (74) years of age, exceeding the age threshold for investing in alternative investments set out by the Firm's WSPs. Accordingly, Respondent has agreed to a reprimand and to refund certain clients pursuant to the terms of an undertaking incorporated by reference herein.

### FINDINGS OF FACT

1. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's rights to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, Tex. Gov't Code §§ 4001.001-4008.105 ("Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001-2001.903.
2. On January 22, 2018, Respondent registered with the Securities Commissioner as an agent of Landolt Securities, Inc. (the "Firm"). This registration is currently effective.

### GWG L Bonds

3. GWG L Bonds ("L Bonds")<sup>1</sup> were a type of alternative investment. Specifically, L Bonds were high-yield, unrated corporate bonds that originally financed the purchase of life insurance policies and that paid interest rates between five and a half percent (5.50%) and eight and a half percent (8.50%), depending on the maturity period, which ranged from two (2) to seven (7) years.
4. Compensation to selling broker-dealers included a sales commission up to five percent (5%) depending upon the maturity of the L Bond.<sup>2</sup>
5. In 2019, GWG Holdings, Inc. ("GWG") completed a merger, after which, GWG's business model changed significantly. GWG stopped acquiring life insurance policies and instead shifted to offering liquidity to customers holding illiquid, alternative investments.
6. More specifically, instead of using investor money to purchase life insurance policies, as it previously had, investor money would now be used to invest in Beneficient Company Group, L.P. and its subsidiaries, which were in the business of extending loans backed by cash flows from illiquid alternative assets.
7. L Bonds were primarily secured by GWG's equity ownership interests in certain subsidiaries. And while GWG's largest tangible asset remained the portfolio of life

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<sup>1</sup> On April 20, 2022, GWG filed for Chapter 11 bankruptcy.

<sup>2</sup> Associated persons of the Firm, like Respondent, received around ninety percent (90%) of the compensation made by the selling broker dealer, like the Firm, for each L Bond sale.

insurance policies, L Bond holders' claims to these life insurance assets were subordinate to creditors of the GWG subsidiaries.

8. The Prospectus stated that investing in L Bonds involved a high degree of risk, including the risk of losing one's entire investment, could be considered a speculative investment, and was only suitable for persons with substantial financial resources and with no need for liquidity in this investment.

### **Respondent's Sales of L Bonds to Clients**

9. Beginning in or around January 1, 2019, Respondent's Firm approved sales of L Bonds to twenty-seven (27) Texas investors.
10. The Firm's written supervisory procedures ("WSPs") included a section related to alternative investments stating certain suitability guidelines when recommending alternative investments to clients.
11. These guidelines included not recommending the purchase of alternative investments to clients older than the age of seventy (70), not investing more than fifteen percent (15%) of a client's net worth in any one alternative investment product, and not investing more than thirty percent (30%) of a client's net worth in alternative investments.
12. The WSPs also state that the Firm may allow the aforementioned threshold guidelines to be exceeded if the agent provides justification to the satisfaction of the Firm.
13. If the investment exceeded the alternative investment thresholds set out in the WSPs, the client was required to acknowledge either that the investment represents more than fifteen percent (15%) of the investor's investable assets or that more than thirty percent (30%) of the investor's total net worth is invested in alternative investments.
14. Respondent required investors to complete certain account forms in connection with opening an account and investing in an alternative investment.
15. The "Client Information and Account Form," recorded a client's financial profile information, such as investment objective, risk tolerance, income, net worth, liquid net worth, time horizon, investment experience, etc.
16. The Firm's agents are required to answer certain questions regarding an investor's investment in an alternative investment, including: whether the investment represents more than fifteen percent (15%) of the client's investable assets; whether the value of all of the client's investments in alternative investments represent more than thirty percent (30%) of the client's investable assets; and whether the client is age seventy (70) or older.

17. The staff of the Texas State Securities Board (“Staff”) identified two (2) sales of L Bonds to two (2) of Respondent’s clients in which the client invested greater than fifteen percent (15%) of his or her net worth in L Bonds.
18. Respondent had these two (2) clients (“Client A” and “Client B”, collectively, the “Clients”) invest twenty-four percent (24%) and twenty-nine (29%), respectively, of their net worth in L Bonds, exceeding the fifteen percent (15%) threshold for investing in alternative investments set out by the Firm’s WSPs.
19. And one (1) of these two (2) Clients was seventy-four (74) years of age, exceeding the age threshold for investing in alternative investments set out by the Firm’s WSPs.
20. For example, Client A was around seventy-four (74) years old and invested \$70,000, or twenty-nine percent (29%) of her net worth in a two-year L Bond.
21. Client A’s account forms indicated that she had an annual income between \$25,000 to \$100,000; a net worth under \$250,000; a liquid net worth of \$240,600; a “moderate” risk tolerance; an “income” investment objective; and no prior experience in alternative investments.
22. Client B invested \$50,000 or twenty-four percent (24%) of their net worth in a three-year L Bond.<sup>3</sup>
23. Client B had an annual income between \$25,000 to \$100,000; a net worth under \$250,000; a liquid net worth of \$210,200; a “moderate” risk tolerance; an “income” investment objective; and no prior experience in alternative investments.
24. Despite the firm-imposed guidelines set out in the WSPs and by the Firm, Respondent recommended L Bonds to these two (2) clients and received commissions in connection with these sales.

### CONCLUSIONS OF LAW

1. Respondent selling and concentrating L Bonds to certain clients’ accounts beyond the Firm-imposed limits, including investments in an alternative investment does not exceed fifteen percent (15%) of a client’s net worth or that clients should not invest in alternative investments if they are over the age of seventy (70) were inequitable practices in the sale of securities.
2. Pursuant to Section 4007.105(a)(3)(A) of the Texas Securities Act, the aforementioned inequitable practices in the sale of securities constitute bases for the issuance of an order reprimanding Respondent.

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<sup>3</sup> Notably, prior to Respondent approving the sale of L Bonds for Client B, the client verbally provided assurance to Respondent’s agents that they were comfortable assuming the risks with making the L Bond investment and this conversation was confirmed via an email from Client B to Respondent’s agents.

3. Pursuant to Section 4007.108 of the Texas Securities Act, the Securities Commissioner may order a dealer, agent, investment adviser, or investment adviser representative to pay a refund to a client or a purchaser of securities or services from the person or company as provided in an agreed order or an enforcement order instead of or in addition to imposing an administrative penalty or other sanctions.

ORDER

1. It is therefore ORDERED that Wang Chang Tsai is hereby REPRIMANDED.
2. It is further ORDERED that Wang Chang Tsai shall REFUND certain clients pursuant to the terms of an undertaking incorporated by reference herein.

SIGNED AND ENTERED BY THE DEPUTY SECURITIES COMMISSIONER this 7<sup>th</sup>  
day of April, 2026.

Cristi R. Ochoa  
CRISTI R. OCHOA  
Deputy Securities Commissioner

Respondents:

A handwritten signature in black ink that reads "Wang Chang Tsai". The signature is written in a cursive style and is positioned above a horizontal line.

Wang Chang Tsai,  
Individually

Approved as to Form:

A handwritten signature in black ink that reads "Nadda Rungruangphol". The signature is written in a cursive style and is positioned above a horizontal line.

Nadda Rungruangphol,  
Attorney  
Legal & Investigations Division