creditrisk monitor®

TRICOLOR AUTO GROUP BANKRUPTCY CASE STUDY

FILED ON 09/10/2025

The PAYCE® Score warned of Tricolor Auto Group bankruptcy risk.

Score/Index	2024					2025							
	A	S	O	N	D	J	F	M	A	M	J	J	A
PAYCE® Score	1	1	1	1	1	1	1	1	2	2	2	2	2
DBT Index	9	9	9	9	9	9	9	9	9	9	9	9	9

PAYCE® Score identified high risk for 12 months prior to bankruptcy

"Cloaking Effect"

Days Beyond Terms (DBT), a measure of historical payment performance, is becoming a less effective indicator of financial stress for private companies.

Traditional methods failed to warn!

HELPING TRADE CREDITORS

Problem: Tricolor Auto Group filed bankruptcy on Sept. 10, 2025. The bankruptcy petition listed that the **total number of creditors exceeded 25,000!**

Consequence: Trade creditors are typically impleaded into the bankruptcy proceeding, where recoveries are less than 15% and may take years to obtain.

Solution: CreditRiskMonitor® identifies 80+% of private company without financials at least 3 months before the bankruptcy filing.

Payment based models often don't provide enough advanced warning.

> **Trade creditors with average dollar exposure who mitigated risk received a 10x to 100x ROI on the CreditRiskMonitor® service after only one bankruptcy ...**
>
> **a highly cost-effective insurance policy**

The CreditRiskMonitor® solution identified these key factors for clients:

80%-accurate PAYCE® Score indicated Tricolor Auto Group was high-risk for more than one year unlike historical payment information.

PAYCE® Score Analysis signaled the company had some late payment behavior and carried higher than average balances.

Enhanced News Alerts called out continuous capital raises, including dependence on the ABS market and underlying subprime borrowers.

Trade Payments largely indicated prompt payment behavior on a dollar-weighted basis, which was a misleading indicator.

MONTHLY AVERAGE PAYCE® SCORE

CreditRiskMonitor.com's PAYCE® Score had been warning of financial stress at Tricolor Auto Group for more than a year. The company ultimately filed for bankruptcy on Sept. 10, 2025.

In 2024, Tricolor's Auto Securitization Trust raised $353.51 million, with most underlying borrowers having no credit scores – a red flag.

Tricolor Auto Group filed for Chapter 7 bankruptcy. Fifth Third Bank warned of "alleged fraudulent activity" at the company.

Business Name	2024					2025							
	A	S	O	N	D	J	F	M	A	M	J	J	A
Tricolor Auto Group	1	1	1	1	1	1	1	1	2	2	2	2	2

BANKRUPT!

PAYCE® Score increased to a "2" due to an improvement in average past due accounts, albeit still signaling elevated bankruptcy risk.

PAYCE® Score is 80% accurate in predicting the risk of corporate failure over a 12-month horizon.

PAYCE® Score	Probability of Bankruptcy within 12 Months	
	From	To
10	0.00%	0.38%
9	0.38%	0.55%
8	0.55%	0.80%
7	0.80%	1.22%
6	1.22%	1.69%
5	1.69%	2.59%
4	2.59%	3.73%
3	3.73%	6.34%
2	6.34%	10.02%
1	10.02%	50.00%

A PAYCE® Score of 5 or less indicates an above average risk of bankruptcy, an important warning sign for clients. Maximize your ROI by continuously monitoring such counterparties, begin considering mitigation strategies if they fall to a PAYCE® 3, and start taking action at PAYCE® 2.

Did You Know? Companies with a PAYCE® 2 or less account for half of all bankruptcies.

THE PAYCE® SCORE COMPONENTS

CreditRiskMonitor's **80% accurate PAYCE® Score** uses three high-quality data components:

$3 Trillion in Trade Payments sourced from our Trade Contributor Program

U.S. Federal Tax Liens

Firmographics and other business data

Our model's competitive advantage lies in non-linear scaling for each data subcomponent and the combination of the above components to mitigate the individual shortcomings of each input

- ✓ **Trade Payments:** trade providers anonymously deliver about $3 trillion of trade payment data annually through our Trade Contributor Program.
- ✓ **U.S. Federal Tax Liens:** legal claims against property when a company fails to pay a tax debt – these provide a critical risk signal about the financial health of the business.
- ✓ **Firmographics:** a variety of company characteristics with statistical relationships to bankruptcy are integrated, including the company's number of years in business

This data combined with AI-driven modeling techniques provides accurate bankruptcy risk insights that human analysts cannot replicate.

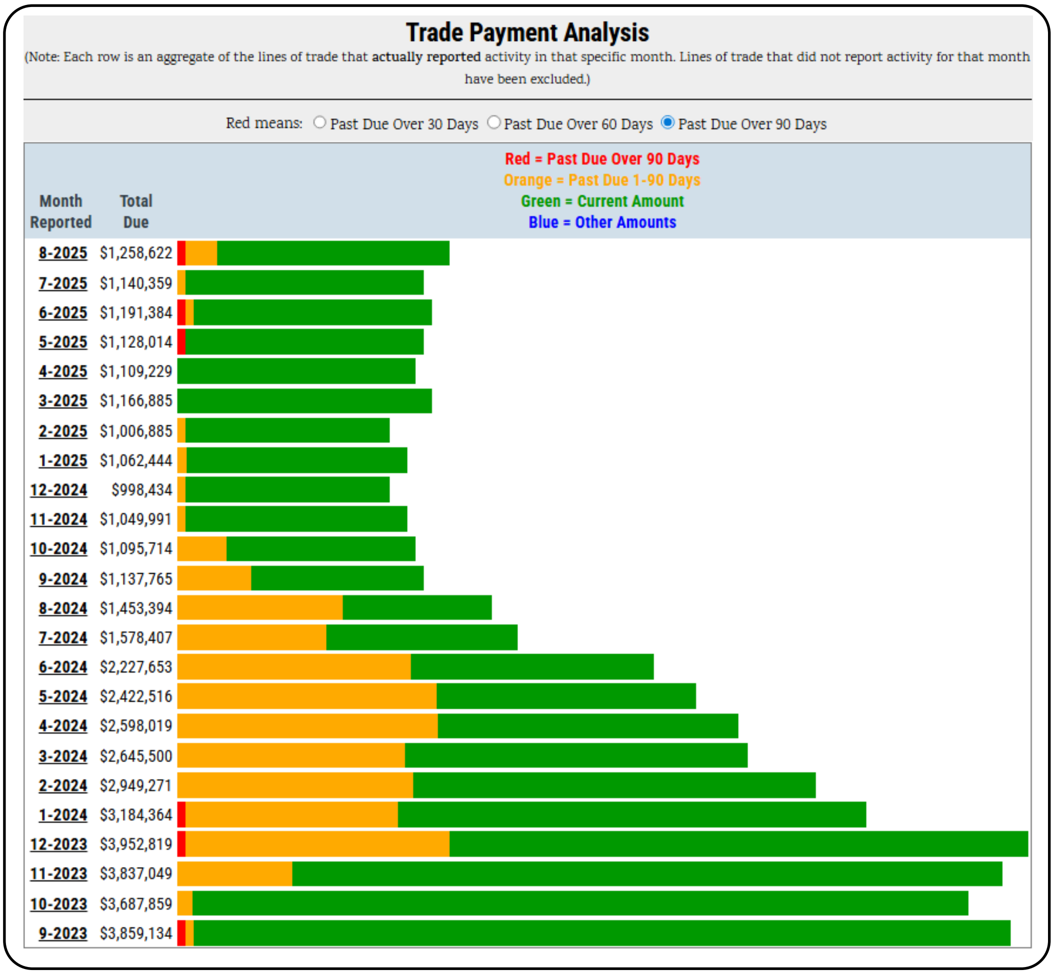
How is the PAYCE® Score unique versus competing models?

- ✓ PAYCE® Score is only available on private companies with significant trade experiences from a variety of contributors, ensuring reliable and trustworthy predictions.
- ✓ Our AI/ML methodology leverages a variety of trade specific inputs factors and calculations to determine the probability of bankruptcy.
- ✓ Trade data updates frequently and serves as a powerful data source when financial statements are unavailable on private companies.

Learn more about our approach: The Updated PAYCE® Score

TRADE PAYMENT ANALYSIS

CreditRiskMonitor® trade payment summary and analysis reporting enables risk professionals to analyze private company payment behavior.



- Trade payment data showed prompt payment behavior for the vast majority of the last 12 months.
- In cases where private companies pay on time, but the PAYCE® Score correctly indicates financial distress is commonly known as the "Cloaking Effect."
- The Cloaking Effect is becoming more common among private companies due to greater access to private capital funding.

ABOUT CREDITRISKMONITOR

About Our Bankruptcy Case Study

CreditRiskMonitor Bankruptcy Case Studies provide post-filing analyses of public and private company bankruptcies. Our case studies educate clients about how they can use our proprietary solutions to avoid the disastrous impact from bankrupt creditors and suppliers.

About Our Company

CreditRiskMonitor is a financial risk analysis and news service that helps credit and supply chain professionals stay ahead of and manage risk quickly, accurately and cost effectively.

Nearly 40% of the Fortune 1000, plus over a thousand other large corporations worldwide, rely on our coverage of 30+ million public companies and private companies globally.

Contact us at:

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