



NACM Connect Grand Rapids/Detroit

The Impacts of Bankruptcy



Today's Topics

- 1) Bankruptcy Stats
- 2) Sales & Credit
- 3) Credit Application Trade References
- 4) Something Doesn't Make Sense
- 5) How do troubled Companies Survive

2025 Bankruptcy Stats

2025 Full Year (U.S. Courts data): Total filings 574,314 (+11% YoY)



Business: 24,737 (+7.1% YoY)



Non-business: 549,577 (+11.2%)

Early 2026 Momentum Continues

- Q1 2026:
- **5,529** total business filings
- Non-Business ~145,000



Why The Surge? (fraud)



High interest rates,
persistent inflation,
restricted credit
access

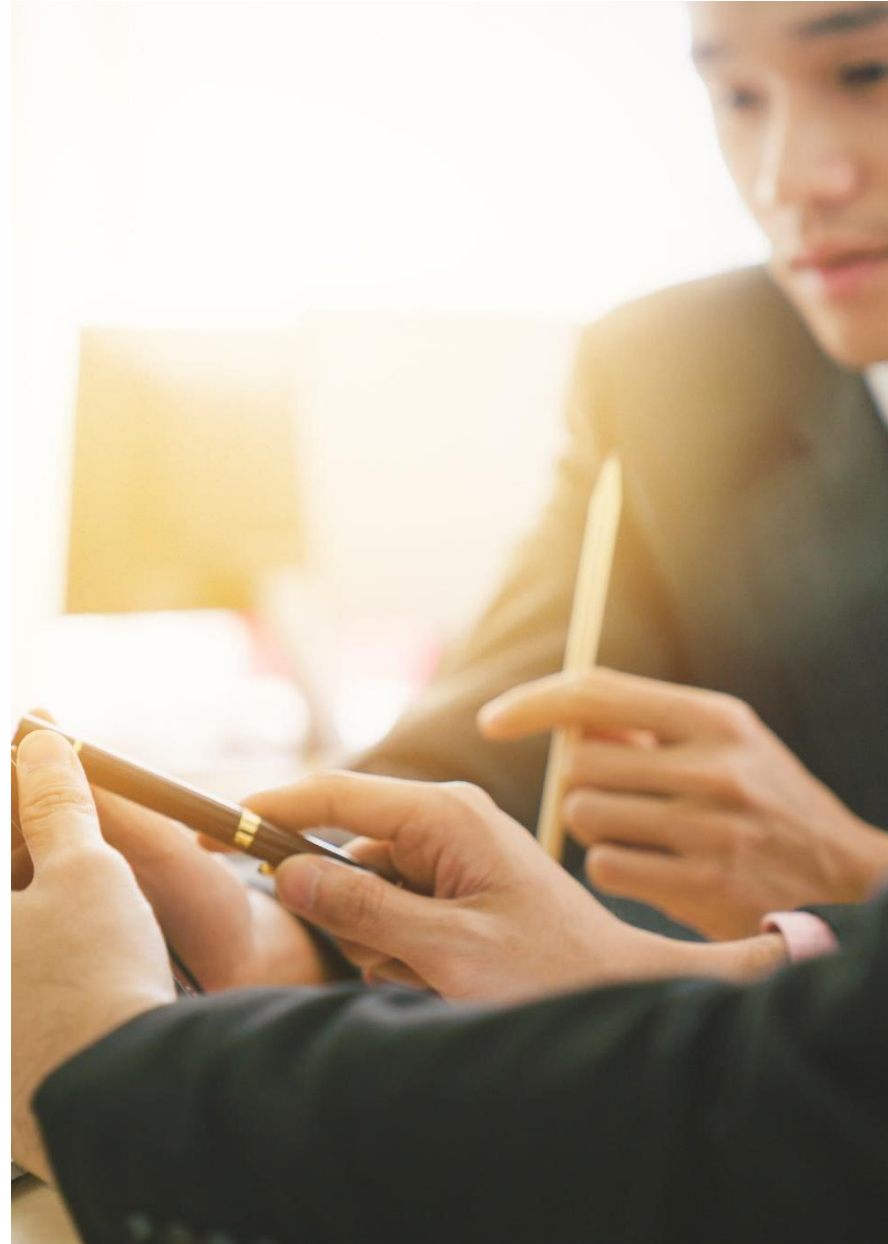
Post-pandemic buffer
erosion + supply chain
pressures



Recovery rates remain
low (~5.4% for
unsecured creditors)



Sales & Credit





Sales & Credit Alignment Hurdles

Conflicting Goals: Sales targets **volume**; Credit targets **risk control**.

Application Friction: Sales sees the **credit application** as a hurdle to closing; Credit sees it as vital protection.

Data Disconnect: Sales uses **relationships**; Credit uses **financials**

Cash Flow Strain: Customer want longer terms; Credit needs **fast collection**. (DSO)

System Silos: Disconnected software leads to **wasted effort** on bad leads.

Empowering Credit Managers



Customer Visits

Credit Managers participate in high-balance sales visits, resolving issues and building stronger relationships with clients.

Key Words-Phrases

SBA, Factoring, MCA, Concentration

Frictionless Onboarding: Optimizing the **credit application** process to be fast and digital, preventing "deal fatigue" for the customer.

Early Warning Sharing: Providing sales with real-time data on industry shifts, bankruptcies, or customer red flags so they can pivot focus toward more stable revenue.

Bank References – Credit Application

The Small Business Administration lent \$390 billion to keep businesses afloat.

Getting paid back is proving difficult.

Impacted Business	City	State	Corporate Bankruptcy	Loss
SBA*	Washington	DC	David Shane Welch, DMD, PC	\$638,129
SBA*	Fort Worth	TX	GADGETS PLUS LLC	\$98,950
Sba Edil Loan 8009	Birmingham	AL	Regenerative Processing Plant LLC	\$529,947
Sba Loan 7007	Fort Worth	TX	Regenerative Processing Plant LLC	\$150,012
Sba Edil Loan 7910	Fort Worth	TX	M&M Products LLC	\$91,900
SBA*	Atlanta	GA	DADA MOE BISTRO LLC	\$150,000
SBA*	Fort Worth	TX	K&S Underground LLC	\$130,000
SBA*	Fort Worth	TX	Lucienne Home Care, Inc.	\$124,532
SBA*	Fort Worth	TX	Lucienne Home Care, Inc.	\$1,842,000
sba loans	Atlanta	GA	Georgia Outdoor Construction, Inc. d/b/a Sarros	\$150,000
SBA*	King Of Prussia	PA	Harper & Young Construction, LLC	\$150,000
Sba Eidl L	Birmingham	AL	3 J'S Manhattan Corp	\$500,000
Sba Covid-19 Economic Injury Disast	El Paso	TX	The Vintner's Tavern Inc.	\$600,000
U.s. Small Business Administration (sba) - All Divisions	Washington	DC	Michelle Anne Company	\$582,900
SBA EIDL	Portland	OR	Flamas, LLC	\$500,023
Sba Disaster	Washington	DC	Geek Forest LLC	\$500,000
SBA*	Fort Worth	TX	Yunisleidis Higdon	\$497,000
SBA*	Washington	DC	OWH International, Inc.	\$430,130
SBA*	Birmingham	AL	Zentiful Beauty and Spa LLC	\$165,000
SBA*	Washington	DC	Alpha Medical Tranportation, LLC	\$190,000
SBA*	Portland	OR	RB Fine Arts CFL Inc	\$49,237
Bay First Sba	Saint Petersburg	FL	Vanguard Custom Woodwork Inc.	\$143,610
SBA*	Orlando	FL	Top solutions H2O Corp	\$57,600
US Sba	Portland	OR	JSL Trucking, Inc.	\$186,132
SBA Office of General Counsel	Washington	DC	KBG Trucking LLC	\$80,000

Key Aspects of SBA COVID Loan Losses- Loan Delinquencies and Defaults

- **An estimated 860,000** loans became delinquent, totaling over \$59 billion
- **Treasury Referrals:** By March 2026, the SBA had referred more than **\$75 billion** in delinquent loans to the [U.S. Department of the Treasury](#) for collection.
- **Failed Collections:** The SBA did not adequately conduct post-default site visits, report delinquent borrowers to credit bureaus, or maintain security interests on borrower accounts, reducing the likelihood of recovery on \$47 billion in charged-off loans.



U.S. Small Business
Administration

Why are so many big companies using merchant cash advances?

Impacted Business	City	State	Corporate Bankruptcy	Loss
Core Funding Source LLC	Rockville Centre	NY	Samson Metal and Machine, Inc.	\$170,217
Core Funding	Rockville Centre	NY	Lindsley Excavating LLC	\$19,232
Core Funding Source LLC	see petition	NY	911 Restoration Services of Minneapolis, LLC	\$13,000
Core Funding Source	Woodmere	NY	Wrightstown Wood Products Inc.	\$21,186
Core Funding Source LLC	Rockville Centre	NY	Supra National Express, Inc.	\$217,500
Core Funding Source LLC	Beverly Hills	NY	EDGE Document Solutions, LLC	\$22,065
Core Funding Source LLC	Rockville Centre	NY	Collaboration Software Partners LLC	\$473,285
Core Funding	Lyndhurst	NY	KYI Enterprises, Inc.	\$49,000
Core Funding	Los Angeles	NY	B&W Inc.	\$75,000

Market Scale: Global value reached **\$22.17B**

MCA VS Traditional Banking

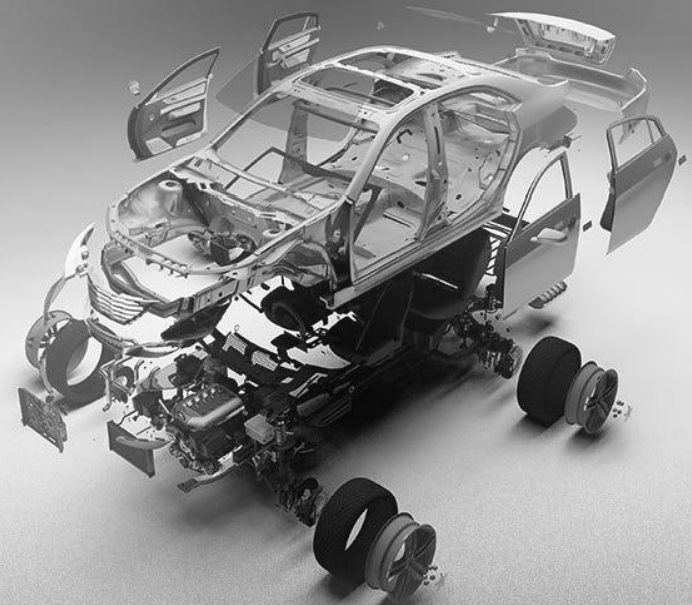
Feature	Merchant Cash Advance (MCA)	Traditional Bank / SBA Loan
Pricing Model	Factor Rate (1.15 – 1.50)	Interest Rate (APR)
Typical Rate	Fixed multiplier of principal	7.5% – 14.75% (Prime-linked)
Effective APR	40% – 350%+	8% – 15%
Secured	Unsecured/Secured	Secured
Other Fees	ACH, Underwriting (\$200–\$1k)	Packaging, Guarantee (SBA)
Repayment	Daily/Weekly (Variable % of sales)	Monthly (Fixed amount)
Speed	Same-day to 48 hours	2 weeks to 3 months
Early Payoff	No savings (Total cost is fixed)	Interest savings (No prepayment penalty)

Case Study- First Brands BKwire Case 40205

**GM Held 'Urgent' Supplier
Meeting Over First Brands
Bankruptcy Exposure**

**First Brands Parts Bankruptcy Could Become A
Hot Mess For Ford**

13,000 Unsecured Creditors



- **Near-Zero Recovery for Unsecured Creditors**

Impact: Large write-offs and permanent loss of unpaid receivables.

- **Lost Sales Volume from Business Wind-Down**

Major units (brakes, remanufacturing, Autolite) already winding down or shifting to Chapter 7 liquidation. Customers switching suppliers fast.

Impact: Unsecured vendors lose both old claims and future revenue as First Brands shrinks dramatically.

- **Customers Face Credit Pullback and Lost Bank Lines**

Fraud scandal triggers banks/factors to tighten or cancel facilities for any auto suppliers using heavy factoring or off-balance-sheet financing.

- **Impact:** Your downstream customers may lose bank support, seek alternative financing, request longer terms from you, or go out of business — creating more lost sales and higher default risk.

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BKwire Case Study- 48506

Samson Metal and Machine
Lakeland, FL

manufacturing machinery and equipment and parts

Monitor Large Credit Exposures:

Conduct regular customer visits to evaluate financial stability and mitigate risks for significant credit accounts.

Track Bankruptcy Trends:

Use BKwire.com daily to monitor sector-specific bankruptcy data, and industry leaders staying proactive on potential risks.

Proactive Risk Management: Combine thorough documentation, direct engagement, and use NACM Connect.



Questions?

