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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

In re:

TRICOLOR HOLDINGS, LLC, *et al.*,<sup>1</sup>

Debtor.

)  
) Chapter 7  
)  
) Case No. 25-33487 (MVL)  
)  
)  
)  
)

**NOTICE OF FILING OF REVISED PROPOSED ORDER  
FOR LIMITED RELIEF FROM THE AUTOMATIC STAY FOR ADVANCEMENT OF  
DEFENSE COSTS FROM PROCEEDS OF THE DEBTORS' DIRECTORS AND  
OFFICERS LIABILITY INSURANCE POLICIES**

**PLEASE TAKE NOTICE** that on November 24, 2025, Daniel Chu filed his *Motion for Order Authorizing the Use of Proceeds of Directors and Officers Liability Insurance Policies for Defense Expenses and Other Loss Amounts* [Docket No. 469] (the "Motion"), to

<sup>1</sup> The Debtors in these chapter 7 cases are as follows: Tricolor Holdings, LLC, TAG Intermediate Holding Company, LLC, Tricolor Auto Group, LLC, Tricolor Auto Acceptance, LLC, Tricolor Insurance Agency, LLC, Tricolor Home Loans LLC dba Tricolor Mortgage, Tricolor Real Estate Services, LLC, TAG California Holding Company, LLC, Flexi Compras Autos, LLC, TAG California Intermediate Holding Company, LLC, Tricolor California Auto Group, LLC, Tricolor California Auto Acceptance, LLC, Risk Analytics LLC, Tricolor Tax, LLC, Tricolor Financial, LLC, Tricolor Auto Receivables LLC, TAG Asset Funding, LLC, and Apoyo Financial, LLC.



which was attached as Exhibit A the proposed *Order Granting Daniel Chu's Motion for Order Authorizing the Use of Proceeds of Directors and Officers Liability Insurance Policies for Defense Expenses and Other Loss Amounts* [Docket No. 469-1] (the "Movant's Proposed Order").

**PLEASE TAKE FURTHER NOTICE** that on December 9, 2025, Anne Elizabeth Burns, solely in her capacity as the duly appointed chapter 7 bankruptcy trustee (the "Trustee") for Tricolor Holdings, LLC and its various debtor affiliates, filed the *Trustee's Objection to Daniel Chu's Motion for Order Authorizing the Use of Proceeds of Directors and Officers Liability Insurance Policies for Defense Expenses and Other Loss Amounts* [Docket No. 521] (the "Trustee Objection"), to which was attached as Exhibit A the proposed *Order for Limited Relief from the Automatic Stay to Allow for Advancement of Defense Costs from Proceeds of the Debtors' Directors and Officers Liability Insurance Policies* [Docket No. 521-1] (the "Trustee's Proposed Order").

**PLEASE TAKE FURTHER NOTICE** that attached hereto as Exhibit A is a revised proposed form of the Trustee's Proposed Order (the "Trustee's Revised Proposed Order").

**PLEASE TAKE FURTHER NOTICE** that attached hereto as Exhibit B is a redline comparison of the Trustee's Revised Proposed Order against the Trustee's Proposed Order.

**PLEASE TAKE FURTHER NOTICE** that attached hereto as Exhibit C is a redline comparison of the Trustee's Revised Proposed Order against the Movant's Proposed Order.

*[Remainder of page intentionally left blank]*

Dated: Dallas, Texas  
December 17, 2025

**MCDERMOTT WILL & SCHULTE LLP**

/s/ Charles R. Gibbs

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- and -

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*Counsel to the Chapter 7 Trustee*

**CERTIFICATE OF SERVICE**

I do hereby certify that on November 17, 2025, a true and correct copy of the foregoing document was served via CM/ECF for the United States Bankruptcy Court for the Northern District of Texas on all parties authorized to receive electronic notice in this case.

/s/ Charles R. Gibbs

Charles R. Gibbs

**EXHIBIT A**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

In re:

TRICOLOR HOLDINGS, LLC, *et al.*,

Debtors.<sup>1</sup>

Chapter 7

Case No. 25-33487 (MVL)

(Jointly Administered)

**[PROPOSED] ORDER FOR LIMITED RELIEF FROM  
THE AUTOMATIC STAY TO ALLOW FOR ADVANCEMENT  
OF DEFENSE COSTS FROM PROCEEDS OF THE DEBTORS’  
DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICIES**

Upon consideration of *Daniel Chu’s Motion for Order Authorizing Use of Proceeds of  
Directors and Officers Liability Insurance Policies for Defense Expenses and Other Loss Amounts*

---

<sup>1</sup> The Debtors in these Chapter 7 cases are as follows: Tricolor Holdings, LLC, TAG Intermediate Holding Company, LLC, Tricolor Auto Group, LLC, Tricolor Auto Acceptance, LLC, Tricolor Insurance Agency, LLC, Tricolor Home Loans LLC dba Tricolor Mortgage, Tricolor Real Estate Services, LLC, TAG California Holding Company, LLC, Flexi Compras Autos, LLC, TAG California Intermediate Holding Company, LLC, Tricolor California Auto Group, LLC, Tricolor California Auto Acceptance, LLC, Risk Analytics LLC, Tricolor Tax, LLC, Tricolor Financial, LLC, Tricolor Auto Receivables LLC, TAG Asset Funding, LLC, and Apoyo Financial, LLC. (collectively, “Tricolor” or the “Debtors”).

[Docket No. 469] (the “Motion”) and the *Trustee’s Objection to Daniel Chu’s Motion for Order Authorizing Use of Proceeds of Directors and Officers Liability Insurance Policies for Defense Expenses and Other Loss Amounts* [Docket No. 521] (the “Objection”), seeking entry of an order pursuant to Sections 105(a), 362, and 541 of the Bankruptcy Code, Bankruptcy Rule 4001(d), and Local Rule 4001-1 modifying the automatic stay to allow the Insurers to advance covered “Defense Expenses” (as defined in the Debtors’ Director and Officer Liability Insurance Policies (the “D&O Policies” or the “Policies”))<sup>2</sup> to or on behalf of the Insureds in accordance with their terms and conditions of the Policies, subject to procedures and restrictions allowing for the fair and equitable allocation and distribution of the Policies’ Proceeds to all Insureds; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334; and it appearing that venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided; and such notice having been adequate and appropriate under the circumstances, and it appearing that no other or further notice need be provided; and this Court having reviewed the Motion and all papers and pleadings related thereto; and this Court having found and determined that the proceeds of the D&O Policies are the property of the Debtors’ Estates; and this Court having found and determined that the relief sought in the Motion is appropriate and warranted and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and any objections to the requested relief

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<sup>2</sup> The Policies consist of (i) a \$5 million primary policy issued by Travelers Casualty & Surety Company of America (“Travelers”), (ii) a \$5 million excess policy issued by Continental Casualty Company (“CNA”), and (iii) a \$5 million excess policy issued by Old Republic Professional Liability, Inc. (“Old Republic”) (collectively, with Travelers and CNA, the “Insurers”; each an “Insurer”).

having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor:

**IT IS HEREBY ORDERED THAT:**

1. The Motion is granted as set forth herein.
2. Solely to the extent provided herein, the automatic stay imposed by 11 U.S.C. § 362(a) is modified to permit each Insurer to advance Defense Expenses to the Insureds in accordance with the D&O Policies, subject to the terms and conditions of this Order.
3. Any individual Insured covered under Side A of the Policies (collectively, the “Individual Insureds”, each an “Individual Insured”)<sup>3</sup> must (i) receive prior written consent from the applicable Insurer prior to incurring any Defense Expenses for covered Claims or Losses; and (ii) provide a written undertaking guaranteeing repayment of any Defense Expenses advanced by any Insurer and later determined to be non-covered, in whole or in part, by reason of any Policy exclusion or other coverage determination.
4. Subject to the foregoing, Defense Expenses shall be advanced on a monthly basis to qualifying Individual Insureds in accordance with the following procedure:
  - A. Within fourteen (14) days of the end of each calendar month, counsel for each Individual Insured who has incurred Defense Expenses during that calendar month shall submit with the applicable Insurer a written request for advancement of such Defense Expenses (an “Advancement Request”) as required by, and in accordance with, the applicable Policy terms, and as set forth below.
  - B. Each Advancement Request must (i) clearly identify the Claim to which the Defense Expenses relate and must certify that the request is made pursuant to, and in conformity with, the D&O Policies; and (ii) include true and complete copies of all invoices and supporting documentation reflecting the Defense Expenses for

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<sup>3</sup> For the avoidance of doubt, the term “Individual Insureds” as defined herein specifically excludes the Debtors and those acting on the Debtors’ behalf or on behalf of the Debtors’ Bankruptcy Estates, including the Trustee, as the Debtors are Insureds covered under Side B and Side C of the Policies.



which advancement is sought. No Advancement Request shall be valid or payable unless accompanied by such invoices and supporting materials.

- C. Each Individual Insured shall fully comply with the cooperation obligations set forth in the D&O Policies, including providing information reasonably requested by the Insurer in connection with any Advancement Request.
  - D. The Insurer shall approve or deny any such Advancement Request, in whole or in part, and shall advance any approved Defense Expenses, in accordance with the terms and procedures of the applicable D&O Policy; provided, however, that the total amount of Defense Expenses advanced to any single individual Insured covered under Side A of the Policies shall be capped at 10 percent (10%) of the total proceeds available under each applicable Policy. Accordingly, unless ordered by the Court, no further Defense Expenses shall be advanced to any Individual Insured who has received advancement equal to 10 percent (10%) of the total proceeds available under each applicable Policy.
5. Any applicable Defense Expenses incurred prior to entry of this Order must be submitted as an Advancement Request in accordance with the procedures set forth above within fourteen (14) days of entry of this Order.
6. To ensure transparency and preserve the limited D&O insurance tower for all Insureds and the Debtors' estates, each Insurer that receives any Advancement Request and advances any Defense Expenses in a given calendar month shall, no later than the 10th day of the following month, file with the Court a Monthly Advancement Report containing:
- A. A list of each Advancement Request received during the prior month, identifying the requesting Individual Insured and the Claim to which the request relates;
  - B. The total amount of Defense Expenses requested for each such Advancement Request;
  - C. The total amount of Defense Expenses approved and advanced, if any, for each Advancement Request;
  - D. The total amount of Defense Expenses denied, if any, for each Advancement Request;
  - E. The remaining available limits under the applicable D&O Policy after giving effect to all payments made during that month; and

- F. Copies of the invoices and supporting documentation submitted with each Advancement Request, with redactions limited to preserving applicable privileges and work-product protections.
7. Any Insurer who has advanced Defense Expenses to any Individual Insured prior to entry of this Order must file an Advancement Report for all such amounts previously requested and advanced in accordance with the procedures in the preceding paragraph within twenty-one (21) days of the date of this Order.
8. The Trustee, any Individual Insured, and/or any Insurer may request additional reporting, modification of these procedures, or further relief at any time. The Court retains jurisdiction to adjust these procedures as appropriate to ensure the equitable allocation and preservation of the limited D&O proceeds.
9. Nothing in this Order shall require disclosure of information protected by the attorney-client privilege, work-product doctrine, or similar protections. Any redactions must be narrowly tailored and clearly labeled, and the Insurer must retain unredacted copies for in camera review upon request of the Court.
10. Except as set forth herein, nothing herein shall alter, amend, or modify the terms, conditions, exclusions, limitations, retentions, or rights under the D&O Policies, all of which are expressly preserved. All rights of the Insurers, Trustee, Debtors, and all Insureds under the D&O Policies—including, without limitation, coverage defenses, allocation rights, advancement conditions, repayment obligations, and subrogation rights—are fully reserved.
11. To the extent applicable, the fourteen-day (14-day) stay contemplated by Bankruptcy Rule 4001(a)(3) is waived, and this Order shall become effective immediately.
12. The Insureds, including the Trustee, and the Insurers are authorized and directed to take all actions necessary to effectuate the relief granted pursuant to this Order.

13. Nothing herein limits any Individual Insured's right to seek additional stay relief or the right of any proper party, including the Trustee, to oppose such relief.

14. This Court retains exclusive jurisdiction to resolve any disputes arising under or relating to this Stipulation and Order.

**### END OF ORDER ###**

Prepared and submitted by:

/s/ Charles R. Gibbs

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Grayson Williams (TX Bar No. 24124561)  
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-and-

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*Counsel to the Chapter 7 Trustee*

**EXHIBIT B**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

In re:

TRICOLOR HOLDINGS, LLC, *et al.*,  
  
Debtors.<sup>1</sup>

Chapter 7

Case No. 25-33487 (MVL)

(Jointly Administered)

**[PROPOSED] ORDER FOR LIMITED RELIEF FROM  
THE AUTOMATIC STAY TO ALLOW FOR ADVANCEMENT  
OF DEFENSE COSTS FROM PROCEEDS OF THE DEBTORS'  
DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICIES**

Upon consideration of *Daniel Chu's Motion for Order Authorizing Use of Proceeds of  
Directors and Officers Liability Insurance Policies for Defense Expenses and Other Loss*

<sup>1</sup> The Debtors in these Chapter 7 cases are as follows: Tricolor Holdings, LLC, TAG Intermediate Holding Company, LLC, Tricolor Auto Group, LLC, Tricolor Auto Acceptance, LLC, Tricolor Insurance Agency, LLC, Tricolor Home Loans LLC dba Tricolor Mortgage, Tricolor Real Estate Services, LLC, TAG California Holding Company, LLC, Flexi Compras Autos, LLC, TAG California Intermediate Holding Company, LLC, Tricolor California Auto Group, LLC, Tricolor California Auto Acceptance, LLC, Risk Analytics LLC, Tricolor Tax, LLC, Tricolor Financial, LLC, Tricolor Auto Receivables LLC, TAG Asset Funding, LLC, and Apoyo Financial, LLC. (collectively, "Tricolor" or the "Debtors").

| *Amounts* ~~(the “Motion”)~~ [Docket No. 469] (the “Motion”) and the *Trustee’s Objection to Daniel Chu’s Motion for Order Authorizing Use of Proceeds of Directors and Officers Liability Insurance Policies for Defense Expenses and Other Loss Amounts* [Docket No. ~~—~~521] (the “Objection”), seeking entry of an order pursuant to Sections 105(a), 362, and 541 of the Bankruptcy Code, Bankruptcy Rule 4001(d), and Local Rule 4001-1 modifying the automatic stay to allow the Insurers to advance covered “Defense Expenses” (as defined in the Debtors’ Director and Officer Liability Insurance Policies (the “D&O Policies” or the “Policies”))<sup>2</sup> to or on behalf of the Insureds in accordance with their terms and conditions of the Policies, subject to procedures and restrictions allowing for the fair and equitable allocation and distribution of the Policies’ Proceeds to all Insureds; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334; and it appearing that venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided; and such notice having been adequate and appropriate under the circumstances, and it appearing that no other or further notice need be provided; and this Court having reviewed the Motion and all papers and pleadings related thereto; and this Court having found and determined that the proceeds of the D&O Policies are the property of the Debtors’ Estates; and this Court having found and determined that the relief sought in the Motion is appropriate and warranted and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and any objections to the requested relief having been

| <sup>2</sup> The Policies consist of (i) a \$5 million primary policy issued by Travelers Casualty & Surety Company of America (“Travelers”), (ii) a \$5 million excess policy issued by Continental Casualty Company (“CNA”), and (iii) a \$5 million excess policy issued by Old Republic Professional Liability, Inc. (“Old Republic”) (collectively, with Travelers and CNA, the “Insurers”; each an “Insurer”).

withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor:

**IT IS HEREBY ORDERED THAT:**

1. The Motion is granted as set forth herein.

2. Solely to the extent provided herein, the automatic stay imposed by 11 U.S.C. § 362(a) is modified to permit each Insurer to advance Defense Expenses to the Insureds in accordance with the D&O Policies, subject to the terms and conditions of this Order.

~~3. As a condition of stay relief, all D&O Policy proceeds shall be held be transferred by each Insurer(s) to an escrow account to be managed by the Trustee. Disbursement to Insureds shall be made solely pursuant to the procedures set forth herein. Each Insurer will be released from any further obligations or liabilities under the Policy.~~

~~4. Each Insurer shall transfer the entirety of the Policy limits (i.e., \$5 million, less any Defense Expenses that have already been advanced by the Insurer) to an escrow account held and administered by the Trustee on the Debtors' behalf.~~

3. ~~5. Unless ordered otherwise by this Court, the total amount of Defense Expenses advanced to any single~~ Any individual Insured covered under Side A of the Policies (collectively, the "Individual Insureds", each an "Individual Insured")<sup>3</sup> ~~shall be capped at 10 percent~~ must (10%) of the total proceeds available under each applicable Policy receive prior written consent from the applicable Insurer prior to incurring any Defense Expenses for covered Claims or

<sup>3</sup> For the avoidance of doubt, the term "Individual Insureds" as defined herein specifically excludes the Debtors and those acting on the Debtors' behalf or on behalf of the Debtors' Bankruptcy Estates, including the Trustee, as the Debtors are Insureds covered under Side B and Side C of the Policies.



Losses; and (ii) provide a written undertaking guaranteeing repayment of any Defense Expenses advanced by any Insurer and later determined to be non-covered, in whole or in part, by reason of any Policy exclusion or other coverage determination.

4. ~~6.~~ Subject to the foregoing, Defense Expenses shall be advanced ~~to Individual Insureds~~ on a monthly basis to qualifying Individual Insureds in accordance with the following procedure:

- A. Within fourteen (14) days of the end of each calendar month, counsel for each Individual Insured who has incurred Defense Expenses during that calendar month shall ~~file~~ submit with the ~~Court~~ applicable Insurer a written request for advancement of such Defense Expenses (an "Advancement Request seeking disbursement from the Escrow Account") as required by, and in accordance with, the applicable Policy terms, and as set forth below.
- ~~B. The Court may consider a late filed Defense Expenses Request upon good cause shown. Such Request shall include invoices reflecting fees and costs incurred in connection with Claims and/or Losses covered under the D&O Policies; provided, however, that nothing herein is intended to prejudice an Insured's right to redact those portions of invoices that protected by the attorney-client privilege.~~
- ~~C. The Trustee and any other Insured shall have twenty-one (21) days to raise written objections to the Defense Costs Request (the "Objection Period").~~
- B. Each Advancement Request must (i) clearly identify the Claim to which the Defense Expenses relate and must certify that the request is made pursuant to, and in conformity with, the D&O Policies; and (ii) include true and complete copies of all invoices and supporting documentation reflecting the Defense Expenses for which advancement is sought. No Advancement Request shall be valid or payable unless accompanied by such invoices and supporting materials.
- C. Each Individual Insured shall fully comply with the cooperation obligations set forth in the D&O Policies, including providing information reasonably requested by the Insurer in connection with any Advancement Request.
- ~~D. If no objection is made within the Objection Period, the Individual Insured may submit the Defense Costs Request to the Trustee for payment in accordance with the D&O Policies and as provided herein. The Insurer shall approve or deny any such Advancement Request, in whole or in part, and shall advance any approved Defense Expenses, in accordance with the terms and procedures of the applicable D&O Policy; provided, however, that the total amount of Defense Expenses~~

advanced to any single individual Insured covered under Side A of the Policies shall be capped at 10 percent (10%) of the total proceeds available under each applicable Policy. Accordingly, unless ordered by the Court, no further Defense Expenses shall be advanced to any Individual Insured who has received advancement equal to 10 percent (10%) of the total proceeds available under each applicable Policy.

~~E. If an objection is made, the Parties shall confer in good faith for ten (10) days (the "Discussion Period").~~

~~F. If no resolution is reached during the Discussion Period, the Parties may request an expedited hearing before this Court to resolve the dispute.~~

~~G. At the conclusion of the applicable investigation, litigation, or proceeding, counsel for the Individual Insured may file a motion seeking approval and payment of any remaining unpaid Defense Expenses, on notice and with opportunity to be heard.~~

5. ~~7.~~ Any applicable Defense Expenses incurred prior to entry of this ~~Stipulation and~~

Order must be submitted as ~~a Defense Costs~~ an Advancement Request in accordance with the procedures set forth above within fourteen (14) days of entry of this Order.

6. To ensure transparency and preserve the limited D&O insurance tower for all Insureds and the Debtors' estates, each Insurer that receives any Advancement Request and advances any Defense Expenses in a given calendar month shall, no later than the 10th day of the following month, file with the Court a Monthly Advancement Report containing:

A. A list of each Advancement Request received during the prior month, identifying the requesting Individual Insured and the Claim to which the request relates;

B. The total amount of Defense Expenses requested for each such Advancement Request;

C. The total amount of Defense Expenses approved and advanced, if any, for each Advancement Request;

D. The total amount of Defense Expenses denied, if any, for each Advancement Request;

E. The remaining available limits under the applicable D&O Policy after giving effect to all payments made during that month; and

F. Copies of the invoices and supporting documentation submitted with each Advancement Request, with redactions limited to preserving applicable privileges and work-product protections.

7. Any Insurer who has advanced Defense Expenses to any Individual Insured prior to entry of this Order must file an Advancement Report for all such amounts previously requested and advanced in accordance with the procedures in the preceding paragraph within twenty-one (21) days of the date of this Order.

8. The Trustee, any Individual Insured, and/or any Insurer may request additional reporting, modification of these procedures, or further relief at any time. The Court retains jurisdiction to adjust these procedures as appropriate to ensure the equitable allocation and preservation of the limited D&O proceeds.

9. Nothing in this Order shall require disclosure of information protected by the attorney-client privilege, work-product doctrine, or similar protections. Any redactions must be narrowly tailored and clearly labeled, and the Insurer must retain unredacted copies for in camera review upon request of the Court.

10. ~~8.~~ Except as set forth herein, nothing herein shall alter, amend, or modify the terms, conditions, exclusions, limitations, retentions, or rights under the D&O Policies, all of which are expressly preserved. All rights of the Insurers, Trustee, Debtors, and all Insureds under the D&O Policies—including, without limitation, coverage defenses, allocation rights, advancement conditions, repayment obligations, and subrogation rights—are fully reserved.

11. ~~9.~~ To the extent applicable, the fourteen-day (14-day) stay contemplated by Bankruptcy Rule 4001(a)(3) is waived, and this Order shall become effective immediately.

12. ~~10.~~ The Insureds, including the Trustee, and the Insurers are authorized and directed to take all actions necessary to effectuate the relief granted pursuant to this Order.

13. ~~11.~~ Nothing herein limits any Individual Insured's right to seek additional stay relief or the right of any proper party, including the Trustee, to oppose such relief.

14. ~~12.~~ This Court retains exclusive jurisdiction to resolve any disputes arising under or relating to this Stipulation and Order.

**SO ORDERED.**

December \_\_, 2025

\_\_\_\_\_  
Michelle V. Larson  
United States Bankruptcy Judge

### END OF ORDER ###

Prepared and submitted by:

/s/ Charles R. Gibbs  
Charles R. Gibbs (TX Bar No. 7846300)  
Marcus A. Helt (TX Bar No. 24052187)  
Grayson Williams (TX Bar No. 24124561)  
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-and-

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*Counsel to the Chapter 7 Trustee*

**EXHIBIT C**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

~~IN RE:~~

~~TRICOLOR HOLDINGS, LLC,~~

~~Debtor.~~

~~Chapter 7~~

~~CASE NO. 25-33487 (MVL)~~

~~ORDER GRANTING DANIEL CHU'S MOTION FOR ORDER AUTHORIZING  
THE USE~~

In re:

TRICOLOR HOLDINGS, LLC, et al.,

Debtors.<sup>1</sup>

Chapter 7

Case No. 25-33487 (MVL)

(Jointly Administered)

**[PROPOSED] ORDER FOR LIMITED RELIEF FROM**

<sup>1</sup> The Debtors in these Chapter 7 cases are as follows: Tricolor Holdings, LLC, TAG Intermediate Holding Company, LLC, Tricolor Auto Group, LLC, Tricolor Auto Acceptance, LLC, Tricolor Insurance Agency, LLC, Tricolor Home Loans LLC dba Tricolor Mortgage, Tricolor Real Estate Services, LLC, TAG California Holding Company, LLC, Flexi Compras Autos, LLC, TAG California Intermediate Holding Company, LLC, Tricolor California Auto Group, LLC, Tricolor California Auto Acceptance, LLC, Risk Analytics LLC, Tricolor Tax, LLC, Tricolor Financial, LLC, Tricolor Auto Receivables LLC, TAG Asset Funding, LLC, and Apoyo Financial, LLC. (collectively, "Tricolor" or the "Debtors").

**THE AUTOMATIC STAY TO ALLOW FOR ADVANCEMENT  
OF DEFENSE COSTS FROM PROCEEDS OF THE DEBTORS'  
DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICES FOR  
DEFENSE EXPENSES AND OTHER LOSS AMOUNTS POLICIES**

Upon consideration of ~~the~~Daniel Chu's Motion for Order Authorizing ~~the~~Use of Proceeds of Directors and Officers Liability Insurance ~~Proceeds~~Policies for Defense Expenses and Other Loss Amounts [Docket No. 469] (the "Motion")<sup>+</sup>~~of~~ and the Trustee's Objection to Daniel Chu's Motion for Order Authorizing Use of Proceeds of Directors and Officers Liability Insurance Policies for Defense Expenses and Other Loss Amounts [Docket No. 521] (the "~~Mr. Chu~~Objection"), seeking entry of an order; pursuant to ~~sections~~Sections 105(a), 362, and 541 of the Bankruptcy Code, Bankruptcy Rule 4001(d), and Local Rule 4001-1, ~~authorizing,~~

<sup>+</sup>~~Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion.~~



~~and, to the extent as necessary,~~ modifying the automatic stay to allow the Insurers to advance covered “Defense Expenses” ~~and other “Loss” amounts (each~~ (as defined in the Debtors’ Director and Officer Liability Insurance Policies (the “D&O Policies”) or the “Policies”))<sup>2</sup> to or on behalf of ~~Mr. Chu~~ (an Insured Person) the Insureds in accordance with their terms and conditions of the ~~D&O~~ Policies, subject to procedures and restrictions allowing for the fair and equitable allocation and distribution of the Policies’ Proceeds to all Insureds; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334; and it appearing that venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided; and such notice having been adequate and appropriate under the circumstances, and it appearing that no other or further notice need be provided; and this Court having reviewed the Motion and all papers and pleadings related thereto; and this Court having found and determined that the proceeds of the D&O Policies are the property of the Debtors’ Estates; and this Court having found and determined that the relief sought in the Motion is appropriate and warranted and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and any objections to the requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor:

**IT IS HEREBY ORDERED THAT:**

1. The Motion is granted as set forth herein.

<sup>2</sup> The Policies consist of (i) a \$5 million primary policy issued by Travelers Casualty & Surety Company of America (“Travelers”), (ii) a \$5 million excess policy issued by Continental Casualty Company (“CNA”), and (iii) a \$5 million excess policy issued by Old Republic Professional Liability, Inc. (“Old Republic”) (collectively, with Travelers and CNA, the “Insurers”; each an “Insurer”).

~~2. The Insurers are authorized to advance Defense Expenses and additional Loss amounts on behalf of Mr. Chu from the Policy Proceeds in connection with any claims and/or investigations against Mr. Chu in accordance with the D&O Policies.~~

2. ~~3. The~~Solely to the extent provided herein, the automatic stay ~~set forth in section 362 of the Bankruptcy Code, to the extent applicable,~~imposed by 11 U.S.C. § 362(a) is ~~hereby~~ modified to permit ~~the Insurers~~each Insurer to ~~pay and/or~~ advance Defense Expenses ~~and additional Loss amounts consistent~~to the Insureds in accordance with ~~their obligations under~~ the D&O Policies, subject to the terms and for Mr. Chu (as an Insured Person) to exercise such other contractual rights he may have to ~~the Policy Proceeds under the D&O Policies.~~conditions of this Order.

3. Any individual Insured covered under Side A of the Policies (collectively, the “Individual Insureds”, each an “Individual Insured”)<sup>3</sup> must (i) receive prior written consent from the applicable Insurer prior to incurring any Defense Expenses for covered Claims or Losses; and (ii) provide a written undertaking guaranteeing repayment of any Defense Expenses advanced by any Insurer and later determined to be non-covered, in whole or in part, by reason of any Policy exclusion or other coverage determination.

4. Subject to the foregoing, Defense Expenses shall be advanced on a monthly basis to qualifying Individual Insureds in accordance with the following procedure:

- A. Within fourteen (14) days of the end of each calendar month, counsel for each Individual Insured who has incurred Defense Expenses during that calendar month shall submit with the applicable Insurer a written request for advancement of such Defense Expenses (an “Advancement Request”) as required by, and in accordance with, the applicable Policy terms, and as set forth below.
- B. Each Advancement Request must (i) clearly identify the Claim to which the Defense Expenses relate and must certify that the request is made pursuant to, and in conformity with, the D&O Policies; and (ii) include true and complete copies of all invoices and supporting documentation reflecting the Defense Expenses for which advancement is sought. No Advancement Request shall be valid or payable unless accompanied by such invoices and supporting materials.
- C. Each Individual Insured shall fully comply with the cooperation obligations set forth in the D&O Policies, including providing information reasonably requested by the Insurer in connection with any Advancement Request.
- D. The Insurer shall approve or deny any such Advancement Request, in whole or in part, and shall advance any approved Defense Expenses, in accordance with the terms and procedures of the applicable D&O Policy; provided, however, that the total amount of Defense Expenses advanced to any single individual Insured covered under Side A of the Policies shall be capped at 10 percent (10%) of the total proceeds available under each applicable Policy. Accordingly, unless ordered by the Court, no further Defense Expenses

<sup>3</sup> For the avoidance of doubt, the term “Individual Insureds” as defined herein specifically excludes the Debtors and those acting on the Debtors’ behalf or on behalf of the Debtors’ Bankruptcy Estates, including the Trustee, as the Debtors are Insureds covered under Side B and Side C of the Policies.

shall be advanced to any Individual Insured who has received advancement equal to 10 percent (10%) of the total proceeds available under each applicable Policy.

5. Any applicable Defense Expenses incurred prior to entry of this Order must be submitted as an Advancement Request in accordance with the procedures set forth above within fourteen (14) days of entry of this Order.

6. To ensure transparency and preserve the limited D&O insurance tower for all Insureds and the Debtors' estates, each Insurer that receives any Advancement Request and advances any Defense Expenses in a given calendar month shall, no later than the 10th day of the following month, file with the Court a Monthly Advancement Report containing:

- A. A list of each Advancement Request received during the prior month, identifying the requesting Individual Insured and the Claim to which the request relates;
- B. The total amount of Defense Expenses requested for each such Advancement Request;
- C. The total amount of Defense Expenses approved and advanced, if any, for each Advancement Request;
- D. The total amount of Defense Expenses denied, if any, for each Advancement Request;
- E. The remaining available limits under the applicable D&O Policy after giving effect to all payments made during that month; and
- F. Copies of the invoices and supporting documentation submitted with each Advancement Request, with redactions limited to preserving applicable privileges and work-product protections.

7. Any Insurer who has advanced Defense Expenses to any Individual Insured prior to entry of this Order must file an Advancement Report for all such amounts previously requested and advanced in accordance with the procedures in the preceding paragraph within twenty-one (21) days of the date of this Order.

8. The Trustee, any Individual Insured, and/or any Insurer may request additional reporting, modification of these procedures, or further relief at any time. The Court retains jurisdiction to adjust these procedures as appropriate to ensure the equitable allocation and preservation of the limited D&O proceeds.

9. ~~4.~~ Nothing in this Order shall ~~modify or alter the rights and obligations provided for under the terms and provisions~~ require disclosure of information protected by the attorney-client privilege, work-product doctrine, or similar protections. Any redactions must be narrowly tailored and clearly labeled, and the Insurer must retain unredacted copies for in camera review upon request of the ~~D&O Policies~~ Court.

10. Except as set forth herein, nothing herein shall alter, amend, or modify the terms, conditions, exclusions, limitations, retentions, or rights under the D&O Policies, all of which are expressly preserved. All rights of the Insurers, Trustee, Debtors, and all Insureds under the D&O Policies—including, without limitation, coverage defenses, allocation rights, advancement conditions, repayment obligations, and subrogation rights—are fully reserved.

11. ~~5.~~ To the extent applicable, the fourteen-day (14-day) stay contemplated by Bankruptcy Rule 4001(a)(3) is waived, and this Order shall become effective immediately.

12. ~~6.~~ The Insureds, including the Trustee, and the Insurers ~~and Mr. Chu,~~ are authorized and directed to take all actions necessary to effectuate the relief granted pursuant to this Order ~~in accordance with the Motion.~~

13. Nothing herein limits any Individual Insured's right to seek additional stay relief or the right of any proper party, including the Trustee, to oppose such relief.

14. ~~7.~~ This Court ~~shall retain~~retains exclusive jurisdiction to ~~hear and determine all~~  
~~matters~~resolve any disputes arising ~~from~~under or ~~related~~relating to ~~the implementation, interpretation,~~  
~~and/or enforcement of~~ this Stipulation and Order.

**### END OF ORDER ###**

Submitted by: Prepared and submitted by:

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