
GOTHAM CITY RESEARCH

Carvana: Bridgecrest and the Undisclosed Transactions and Debts

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended December 31, 2024



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- **Last year:** both Hindenburg Research and Jim Chanos lamented at the limited transparency into Carvana's related parties, DriveTime and Bridgecrest.
- **Last week:** Carvana refused to release financial details about DriveTime in a closely watched lawsuit against Carvana and its executives, alleging they carried out a fraudulent "pump and dump scheme"
- **TODAY:** Gotham City Research has obtained the DriveTime 2024 Annual Report and The GoFI LLC Annual Report Via Freedom of Information Act request. We are releasing both today, along with our report.

We can see why Carvana wants to keep DriveTime in the shadows:

- DriveTime burned over \$1 billion in cash from 2023-2024.
- Over \$1 billion in debt, not contributions from Garcia, funded these losses.
- We believe DriveTime's subsidies fuel over 73% of CVNA EBITDA.
- DriveTime is levered 20x-40x in 2023-2024. We estimate 2025 leverage remains elevated at 20x.
- Bridgecrest instantly marked down its \$5.9 billion loan book by -15% in 2024.

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GOTHAM CITY RESEARCH LLC

GOTHAM CITY RESEARCH'S OPINIONS

- CVNA 2023-2024 earnings are overstated by \$1 billion+, and far more dependent on related parties than disclosed.
- DriveTime's leverage fuels CVNA Adj EBITDA. Without DriveTime credit, CVNA earnings collapse, and CVNA Adjusted EBITDA doesn't cover its interest expense.
- CVNA 2025 10K will be delayed, 2023/2024 10Ks restated, BLAST ABS restated, & Grant Thornton will resign as auditor.
- CVNA and DriveTime creditors' ability and willingness to fund this scheme will change once they realize that the ecosystem is more levered than publicly disclosed.

SUMMARY OF THE BASES OF OPINIONS

- DriveTime burned over \$1 billion in cash flow from operating activities, and Free cash flow, from 2023-2024.
- DT generated over \$1 billion in cash flow from financing activities via debt issuance, from 2023-2024.
- DriveTime leverage in 2023/2024 sits at 20x-40x, far higher than historical levels (capped at 10.3x before 2023).
- DriveTime's ratio of adj EBITDA to interest expense = 0.5x-1.0x, for 2023-2024. Far lower than previous years.
- DriveTime marked down its loan portfolio by \$900m while CVNA recognized gain on Loan sales of \$755m in 2024.
- CNVA 10K '24 claims it has and may sell loans to DriveTime, but the DriveTime AR does not confirm this claim. Neither CVNA nor DriveTime disclose when nor how much.
- We have uncovered dozens of loans tied to cars that CVNA sold, that appear on Bridgecrest balance sheet and VinAudit reports.
- Bridgecrest is listed as the originator yet both DriveTime and Carvana filings don't disclose Bridgecrest as originator.
- CVNA claims Bridgecrest is a third party servicer, but BAC is fully owned by Ernie Garcia II.
- We estimate Bridgecrest earns a very low servicing fee of 0.117% per year on loans sold by CVNA to "Third parties"
- We believe CVNA sells loans to "third parties" at inflated rates (booking Gain on Sales). in exchange BridgeCrest charges these "third parties" with very low servicing fees.
- GoFi LLC is fully owned by Garcia II. Like DT, GoFi burned cash in 2023 and 2024. GoFi revenues are GoS from DriveTime, and its expenses are payments to DriveTime.
- GoFi and Carvana share the same mailing address.
- We have detected accounting irregularities in sales commissions and servicing reported figures.
- Carvana, DriveTime/Bridgecrest, GoFi all share the same auditor, Grant Thornton. Same auditor as Tricolor.

Company: Carvana Co

Ticker: CVNA

CEO: Ernest C Garcia III

Share price: \$477.72

52-week high: \$486.89

52-week low: \$148.25

Market cap: \$100,349.8M

Total debt: \$5,203.0M

Enterprise Value: \$104,557.8M

Shares outstanding: 141.4M

YTD 2025 Adj EBITDA: \$1.726B

YTD 2025 Net Income: \$0.944B

YTD 2025 Other income: \$1.274B

YTD 2025 Adj EBITDA margin: 11.7%

YTD 2025 Net margin: 6.4%

YTD '25 Adj EBITDA margin, ex other: 3.4%

YTD 2025 Net margin, ex other: -2.5%

2024 Adj EBITDA: \$1.378B

2024 Net Income: \$0.404B

2024 Other income: \$1.151B

2024 Adj EBITDA margin: 10.1%

2024 Adj Net margin: 3.0%

2024 Adj EBITDA margin, ex other: 1.8%

2024 Adj Net margin, ex other: -6.0%

FYE: December 31

Auditor: Grant Thornton

Analyst ratings: 18 Buys, 6 Holds, 2 Sells

Introduction

Carvana (“CVNA”) appears to show signs of an unquestionable turnaround story. Sentiment on the street has shifted from fear to greed. For example, Morgan Stanley, who had a \$1 stock price target in 2022, upgraded its CVNA bull case to \$750 on “robotaxi optionality thesis” just a few weeks ago.¹ Yet Gain on loan sales + related party income drive 75% of 2025YTD adj EBITDA²:

CVNA US: Financial Information					
	FY Dec 31 (\$mln)	2022	2023	2024	YTD 2025
Revenue	13,604.0	10,771.0	13,673.0	14,719.0	
Adjusted EBITDA	-1,041.0	339.0	1,378.0	1,726.0	
Adj EBITDA margin (%)	-7.7%	3.1%	10.1%	11.7%	
% of income from related parties and Gain on Sales	-59.5%	176.4%	71.3%	66.9%	
Net Income/(Loss)	-2,894.0	150.0	404.0	944.0	
FCF (CFO - Capex)	-1,836.0	716.0	827.0	510.0	
Net debt	7,875.0	5,743.0	3,916.0	3,061.0	

Although Carvana’s revenue growth has been impressive, the resulting scale in its business has not diminished CVNA’s reliance on these sources for profit. Many skeptics have claimed that CVNA uses DriveTime (“DT”) to artificially boosts its reported results, and that Ernie Garcia II funds DT’s losses, but the market consensus is that everything is disclosed.³

Actually, we found this is not the case at all. We obtained the DriveTime’s 2024 Annual Report through a Freedom of Information Act request, and we believe it is a smoking gun that reveals many undisclosed facts about related party DriveTime. A cursory glance of the financials shows:

- DriveTime burned over \$1 billion in cash from 2022-2024. 2022-2024 net margins are 0%.
- To fund this \$1 billion hole, DriveTime issued more than \$1 billion in debt, leveraging up 20x-40x in 2023-2024, after years of leverage far lower, and never exceeding 10.3x.
- DT Profits don’t cover interest expense, as coverage ratio fell to 0.5-1.0x, from over 2x.

Last Friday, in an ongoing class action litigation against Carvana, it was revealed that CVNA is trying to keep DriveTime’s financial statements sealed from public view.⁴ From the above facts, we can see why, but that just begins to scratch the surface of something far more dangerous:

- DriveTime marked down \$5.9 billion of loans by -15%, and its loans historically lose -30%. These toxic loans are what backs DriveTime’s debt issuance, at 20x-40x leverage.
- GoFi sells loans to Bridgecrest at prices above fair value, then GoFi pays back Bridgecrest with these Gain on Sales. This helps GoFi book revenue, and Bridgecrest boost profits.
- We believe Carvana uses Bridgecrest to book artificial Gain on Sales in a similar way as GoFi does with Bridgecrest.
- In Bridgecrest securitization filings, Bridgecrest and GoFi appear as originators of loans tied to cars sold by CVNA. Yet the CVNA 10K, DriveTime 2024 annual report and GoFi 2024 AR do not mention that Bridgecrest or GoFi originates loans for Carvana.
- We see accounting and disclosure discrepancies between CVNA and DriveTime. Meanwhile, Grant Thornton, who was Tricolor’s auditor, audits all three Garcia entities.

Gotham City Research believes CVNA’s earnings are more dependent on its related parties than disclosed; and more levered indirectly than assumed, as DriveTime’s leverage drives CVNA earnings. We see problems with accounting, disclosure, and business practices that will lead to regulatory trouble. At best, we believe CVNA is far less profitable than believed, as a standalone business. At worst, CVNA is more like Tricolor⁵, rather than Amazon⁶. Either way, shares face massive downside risk to the share price.

DriveTime Debt issuances drive Carvana profits

CVNA 2020-2023: at best, too aggressive; at worst a “fraudulent pump & dump scheme”

In many ways, Carvana was the posterchild of the excesses of the 2021 craziness in the US stock market. After years of debt-fueled, profit-less growth at any cost, CVNA stock peaked in 2021, and fell -99% within a year.¹ According to Cliff Sosin and Rob Vinall, two vocal believers and shareholders of Carvana, mistakes were made and perhaps CVNA got too aggressive.²

According to others, such as the United Association National Pension, however, CVNA was not merely “aggressive”: “Carvana’s sustainable growth machine was a lemon, built on a fraudulent pump-and-dump scheme to boost Carvana’s retail sales growth, and a series of misrepresentations and omissions designed to artificially inflate Carvana’s share prices for long enough to allow the Company’s founders and executives to sell nearly \$3.76 billion of their personally held stock at artificially inflated prices.”³

The litigation also specifically alleges: “**Garcia Senior caused DriveTime to enter into a sham pass-through sales arrangement with Garcia Junior at Carvana to boost materially Carvana’s reported retail sales.**”⁴

Since 2023 the Company has reported profits, positive free cash flow, and lower debt every year, and the stock has catapulted way above its prior highs, even entering the S&P 500 last month.⁵ As a result, somewhat understandably, the market believes that either critics were wrong about CVNA’s past misconduct, or even if they were correct, the company has outgrown its legacy problems, including concerns regarding leverage and related party dependence.

We estimate related parties boosted CVNA over \$1 billion higher than disclosed in 2023-2024

All would seem picture perfect since 2023, except that is not what the DriveTime 2024 annual report, which we obtained via FOIA request, shows. DriveTime’s financial statements have been hidden from public view for years (the last years’ records we see is for 2014), and CVNA seems to make every effort to keep them out of the public eye, as evidenced by last Friday’s court ruling.

And we can see why: in its 10K, CVNA claims \$345 million of its 2023-2024 Adj EBITDA originate from 100% gross margin related party income⁶, or 20% of Adj EBITDA. We estimate CVNA’s 2023-2024 earnings dependence on related parties was at least 2.2x-3.5x more than disclosed, or least \$1 billion direct benefit from its related parties in 2023-2024⁷:

CVNA US: Related party analysis			
	FY Dec 31 (\$mIn)	2023	2024
Carvana: Adjusted EBITDA		339.0	1,378.0
Carvana: Related party income (Other Sales and revenues)		145.0	200.0
GCR estimate for related party benefit		324.4	707.6
GCR estimate for related party benefit as multiple of Related party income		2.2x	3.5x

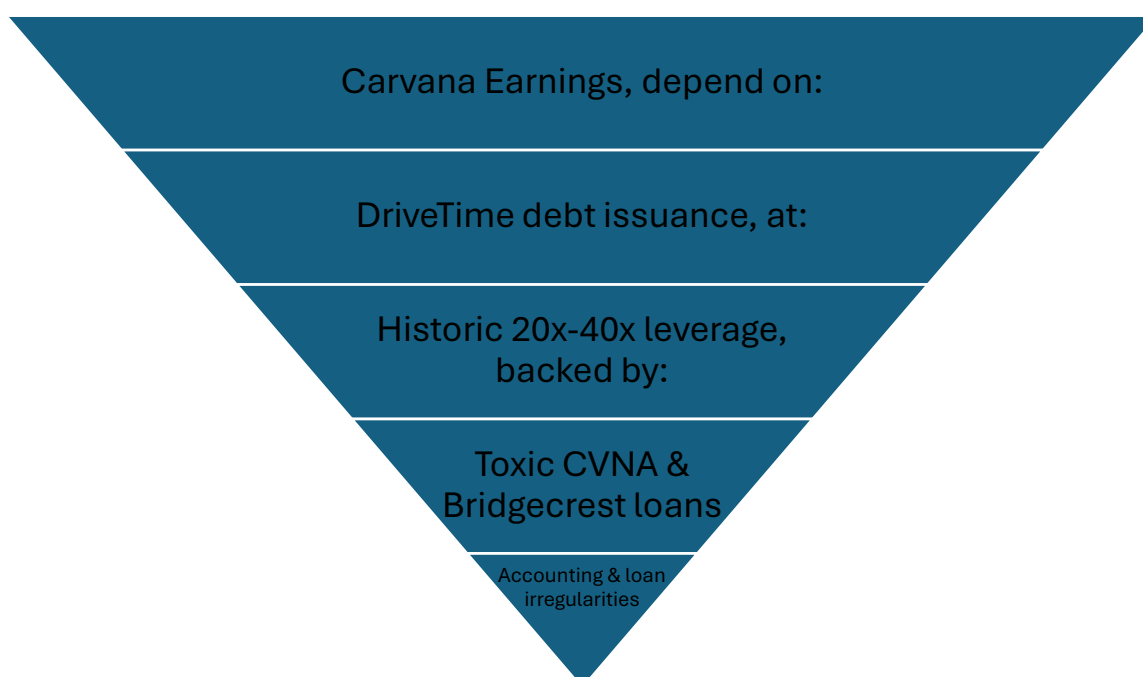
Gotham City Research believes CVNA’s related party dependence is far greater than disclosed and that this dependence hangs by a delicate thread, as DriveTime leverage is 20x-40x. Thus, we don’t think leverage in the Carvana ecosystem has actually been reduced: it’s been transferred over to DriveTime. Thus, CVNA’s effective leverage – earnings dependence on credit – has not.

Gotham City Research's thesis summarized with a diagram

We believe the two largest drivers of CVNA earnings - related party income and Gain on Loan sales - are larger, and more dependent on DriveTime & the Garcia ecosystem, than previously disclosed. And CVNA's dependence is fuelled by proceeds from debt issuance at DriveTime, not cash flows, as DriveTime burned \$1 billion cash over the last year. And DriveTime is levered at 20x-40x and cannot service its interest expense with cash flow.

Thus, the foundation to CVNA's earnings is very weak. But it gets even worse: DriveTime's leverage/debt are in turn backed by toxic subprime loans – consisting of both Carvana and DriveTime related loans – which DriveTime then marks down 15% (perhaps because DriveTime has realized losses of ~-30-40%% over time on its loans). Finally, this highly fragile construct is all rooted in accounting and loan irregularities. The numbers don't add up. We don't believe the Carvana, DriveTime, GoFi, and securitization disclosures are correct.

The following reverse pyramid depicts what we believe, along with the complex interplay between CVNA's earnings and its related parties⁸:



Transparency is not Carvana's friend: We believe that without DriveTime operating in the shadows, this scheme fails to work. We don't think that Carvana and DriveTime's stakeholders necessarily know the whole picture. Transparency into DriveTime changes that.

Were DriveTime's creditors' ability or willingness to fund DriveTime's losses and leverage change CVNA's earnings and creditworthiness would collapse.

With DriveTime's financial health as stretched as is – and geared far more aggressively than it has been historically – we fear its leverage is high enough for a DriveTime bankruptcy or credit issue to arise, which would also harm CVNA. We explain in this report how and why these linkages work.

We think CVNA related party reliance 3x > reported

Gotham City Research believes DriveTime fuels over 73% of CVNA Adj EBITDA

Carvana originally started as a subsidiary of DriveTime in 2012.¹ Despite spinning out of DriveTime in 2014 and going public in 2017², CVNA's profits and overall business are highly dependent on DriveTime today. This dependence is a fact, and the market consensus believes this is all disclosed. Our due diligence – which includes analyzing the DriveTime 2024 annual report (which the company evidently wants to hide) – leads us to the following opinions:

- DriveTime is not run as a standalone, for-profit business, and that instead, its primary purpose is to subsidize CVNA, since 2022.
- CVNA's dependence on DriveTime is far larger than disclosed. We estimate CVNA 2023-2024 profits are overstated by over \$1 billion because DriveTime takes the hit.
- Even worse, CVNA's dependence is not backed by DriveTime's cash flow, but by debt issuance. In fact, CVNA profits hang by a weak thread, as DriveTime is levered 20x-40x.

In this section, we focus on why believe this dependence is greater than \$1 billion over the last few years, which is far more than disclosed. Then in the next section, we discuss how this dependence is tied to 20x-40x leverage. The following facts and observations support our views:

- DriveTime burned over \$1 billion in cash flow between 2023-2024, even while CVNA generated cash flow for the first time ever, starting in those years.
- DriveTime net margins are basically 0% from 2022-2024, and actually down in 2024 vs 2022 levels. This contrasts with CVNA reported net margins which have only grown since 2022 (2023 & 2024 are coincidentally only years ever that CVNA reported positive profits).
- DriveTime ADJ EBITDA margins in 2022-2024, like cash flow and net margins, are anomalously and notably worse off than past periods.
- DriveTime low margins are particularly more suspicious given DriveTime's revenue per employee has increased by 70% from 2011 to 2024.
- DriveTime's level of reported cash balances, Property, Plant, and Equipment, and purchase of PP&E are at or below levels they were 12 years ago.
- SilverRock is a much bigger business in 2024 than it was in the past. Given insurance/warranties provide cash upfront (Deferred revenue and refund reserves), we are puzzled at DT's particularly bad cash outflows in 2023-2024.
- Ernie Garcia II has valuable experience maximizing value for himself under 3 different constructs: 1) Ugly Duckling: Public company only 2) DriveTime: private company only and 3) A Public CVNA that is highly dependent on a private DriveTime, while fully owned.
- We believe these experiences makes Garcia II a grandmaster of "skillful financing, timing and self-dealing" – Garcia II could give us a master class on Related Party Transactions.

Before we jump into what the DriveTime 2024 Annual Report reveals we would like to provide a quick rundown on the history leading up to Carvana. And that requires discussing Ernie Garcia II and DriveTime. Cliff Sosin praises CVNA CEO, Ernie Garcia III (son of Ernie Garcia II) as better than Amazon founder, Jeff Bezos.³ But we find the father, Ernie Garcia II's story, far more remarkable.

Ernie Garcia II has a storied life, perhaps appropriate for a Netflix documentary: (i) He was convicted of charges alleging he helped a company report fake accounting income through sham transactions⁴, (ii) soon after, he filed for bankruptcy⁵ (iii) Built Ugly Duckling (later renamed

DriveTime) into a top seller and financier of used cars for people with lousy credit histories⁶ and (iii) became a billionaire.⁷

Ernie Garcia's life story, Carvana, and DriveTime, may all be complex, but we find Ernie Garcia II very easy to understand, and instructive, in one specific way: He has an amazing talent for enriching himself. They say watch what they do, not what they say. Thus, we believe, if you know Garcia II's incentives, you will know the outcomes. At least, it's been predictive so far.

DriveTime 2008-2022: appears to be run like a standalone, for-profit business Ernie Garcia II

The below timeline shows an abbreviated history of DriveTime and Carvana, from 1991-2022⁸:

1991	1996	2001	2002	2012	2017	2022
Garcia II buys Ugly Duckling	Ugly Duckling IPO	UGLY private after its stock fell -90%	Name change to DriveTime	Carvana founded as sub of DT	Carvana IPO	CVNA shares -99%, nearly bankrupt

Garcia II had incentive to maximize UGLY's stock price when its shares were publicly listed. After Garcia II took UGLY private, after shares fell -90%, he had incentive to maximize DriveTime as a for profit company. The used car business is a difficult business, but we see strong evidence that Ernie Garcia II ran DriveTime as a profit maximizing business from 2008-2013⁹:

DriveTime Automotive and Subsidiaries: Metrics							
FY Dec 31 (\$mln)	2008	2009	2010	2011	2012	2013	Cumul. ('08-'13)*
Revenue	1,058.6	946.3	1,025.7	1,122.0	1,221.1	1,400.9	6,774.6
Adjusted EBITDA	104.5	159.5	197.9	180.5	162.9	174.0	979.3
Adj EBITDA margin (%)	9.9%	16.9%	19.3%	16.1%	13.3%	12.4%	14.5%
Net Income	-0.3	52.0	70.7	88.1	59.4	30.3	300.2
Net margin (%)	0.0%	5.5%	6.9%	7.9%	4.9%	2.2%	4.4%
CFO	60.0	85.3	5.9	-25.2	-69.9	-172.3	-116.1
Total assets	1,430.7	1,432.1	1,568.2	1,766.8	1,989.1	2,326.1	
Total equity	266.0	293.1	418.8	457.8	467.6	488.0	
RoA (%)	0.0%	3.6%	4.5%	5.0%	3.0%	1.3%	2.9%
RoE (%)	-0.1%	17.7%	16.9%	19.3%	12.7%	6.2%	12.1%

* RoA and RoE columns represent the average values from 2008 to 2013 in the final column.

We observe the following qualities of DriveTime's business during these pre CVNA years:

- while prone to extreme cyclicity, there are some decent years of earnings and ROE.
- That said, Cash flows and profits are episodic and highly volatile.
- There's evident discipline when it comes to Leverage and interest expensive coverage management (see our next section for more details).

Thus, even when Garcia II had incentive to run DriveTime as a profit-maximizing business, we see a highly cyclical business with extreme variations in profit and cash flow.

DriveTime since 2022: purpose to maximize CVNA, at its own expense?

Once CVNA spun out of DriveTime, and became a publicly traded company, Garcia II's incentives changed. He had a large stake in CVNA, CVNA shares were publicly listed and CVNA's financial information was publicly available. On the other hand, he fully owned DriveTime whose financial information was not publicly disclosed. And given the significant related party transactions between Carvana and DriveTime, Garcia II has had strong incentive to run DriveTime to maximize CVNA stock price. Perhaps this is why CVNA was at best "aggressive" pre-2022 as bulls believe, and at worst manipulated DriveTime to juice CVNA's stock price.

We believe the incentives became stronger since 2022 for DriveTime to take a hit to benefit CVNA. Coincidentally, we see DriveTime's financial results suspiciously deteriorate and differ after 2022, compared to its past reported results¹⁰:

DriveTime Automotive and Subsidiaries: Metrics				
FY Dec 31 (\$mIn)	2022	2023	2024	Cumul. ('22-'24) *
Revenue	2,808.4	3,246.6	3,663.0	9,718.0
Adjusted EBITDA	333.0	85.6	227.5	646.1
Adj EBITDA margin (%)	11.9%	2.6%	6.2%	6.6%
Net Income	39.3	-69.3	40.8	10.8
Net margin (%)	1.4%	-2.1%	1.1%	0.1%
CFO	95.4	-324.4	-707.6	-936.6
Total assets	5,729.1	5,729.1	6,689.4	
Total equity	840.9	840.9	870.7	
RoA (%)	0.7%	-1.2%	0.6%	0.0%
RoE (%)	4.7%	-8.2%	4.7%	0.4%

* RoA and RoE columns represent the average values from 2022 to 2024 in the final column.

Know the incentives, know the outcomes: Ernie Garcia II has far more money tied up in CVNA stock, then he does in DriveTime. DriveTime is private, CVNA is public. It makes sense that he would pull every trick possible to boost CVNA.

CVNA bulls claim scale is the reason CVNA is profitable, yet DriveTime doesn't scale

Carvana bulls claim that scale is the reason CVNA has become profitable in recent years. Evidently, this logic does not apply to DriveTime: DriveTime is a far larger as of 2022-2024 than the past, yet its profit margins, cash flows, and ROEs are far worse than they were in 2008-2013. The structural decline in DriveTime's profitability in 2022-2024 vs past periods is particularly odd. We think that maybe the simplest explanation is the correct one: CVNA's profits depend far more on DriveTime than even its skeptics believe, backed by balance sheet fragility no one could imagine.

DriveTime burned ~\$1 billion in cash flow while CVNA earned ~\$400 million, from 2022-2024

Cash flow from operating activities 2023 and 2024 anomalously burned \$1 billion cumulatively¹¹:

DRIVETIME AUTOMOTIVE GROUP, INC. AND SUBSIDIARIES			
Consolidated Statements of Cash Flows			
(In thousands)			
	Year Ended December 31,		
	2024	2023	2022
Cash Flows from Operating Activities:			
Net income (loss)	\$ 40,824	\$ (69,327)	\$ 39,254
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:			
Realized gain on investments in marketable securities	(270)	(85)	—
Interest income on finance receivables measured at fair value	(506,420)	(411,274)	(325,156)
Mark to fair value on finance receivables	276,764	276,617	74,885
Depreciation and amortization expense	37,930	34,002	26,869
Amortization of deferred financing costs	10,674	10,733	9,848
(Gain) loss on disposal of property and equipment	(6,126)	(155)	213
Impairment of property and equipment	—	—	971
Impairment of internally developed software	2,834	—	—
Purchase of finance receivables ⁽¹⁾	(174,740)	(51,240)	(219)
Originations of finance receivables	(2,925,914)	(2,570,928)	(2,118,977)
Collections and recoveries on finance receivables	2,561,650	2,311,662	2,369,576
Changes in assets and liabilities:			
Vehicle inventory ⁽²⁾	(72,396)	52,225	8,799
Operating lease right-of-use assets ⁽³⁾	(3,504)	10,486	16,570
Deferred acquisition costs and other assets ⁽⁴⁾	(90,470)	18,460	(76,264)
Payables and other accrued expenses ⁽⁵⁾	148	59,240	62,480
Operating lease liabilities ⁽⁶⁾	1,359	(12,614)	(18,083)
Deferred revenue and refund reserves	140,028	17,812	24,633
Net cash (used in) provided by operating activities	(707,629)	(324,386)	95,399

DriveTime 2022-2024 cash flow pain, is Carvana's cash flow gain: a coincidence we think not

DriveTime's Free Cash flow is similarly bad as its cash flow from operating activities, over the same time period. Moreover, DriveTime's cash burn worsened from 2022-2024 even as CVNA's cash flow became positive since 2023, for the first time ever in its history¹²:

DriveTime vs Carvana: CFO and FCF comparison				
FY Dec 31 (\$mln)	2022	2023	2024	Cumul. ('22-'24)
DriveTime: CFO	95.4	-324.4	-707.6	-936.6
DriveTime: FCF	62.0	-339.9	-728.5	-1,006.4
Carvana: CFO	-1,324.0	803.0	918.0	397.0
Carvana: FCF	-1,836.0	716.0	827.0	-293.0

DriveTime 2022-2024 looks like the pre-2023 “aggressive” Carvana

CVNA and DT look like they are running in the exact opposite directions from 2022-2024. In fact, DT looks very much like the “old” Carvana, the one pre 2023 whose stock fell -99% and went nearly bankrupt¹³:

Carvana: Free Cash Flow (FCF)					
FY Dec 31 (\$mln)	2018	2019	2020	2021	2022
CFO	-414.3	-757.0	-608.0	-2,594.0	-1,324.0
Purchase of P&E	-143.7	-231.0	-360.0	-557.0	-512.0
FCF	-558.0	-988.0	-968.0	-3,151.0	-1,836.0

Gotham City Research believes that DriveTime has burned over \$1 billion in cash – worse than we have ever seen in prior years, both in relative and absolute terms – because DriveTime is subsidizing Carvana's business. Were DriveTime operate simply as a cash flow neutral business, it would imply that DriveTime's value transfer to Carvana is \$1 billion. Seeing that DriveTime has generated positive operating and free cash flow in past periods, we believe this a conservative assumption, and thus believe DriveTime is inflating Carvana's business by at least \$1 billion. Our examination of DriveTime's EBITDA validates our approach as well.

DriveTime adj EBITDA also structurally lower in 2022-2024

DriveTime's Adjusted EBITDA margins are structurally lower in recent years¹⁴:

DriveTime: Adjusted EBITDA and Adjusted EBITDA excluding the add back for portfolio debt interest expense										
FY Dec 31 (\$mln)	2008	2009	2010	2011	2012	2013	2022	2023	2024	
Adjusted EBITDA	104.5	159.5	197.9	180.5	162.9	174.0	333.0	85.6	227.5	
% margin	9.9%	16.9%	19.3%	16.1%	13.3%	12.4%	11.9%	2.6%	6.2%	
Adj EBITDA excl portfolio debt int expense addback	40.2	84.2	129.6	137.1	121.0	131.8	246.4	-71.1	-5.9	
% margin	3.8%	8.9%	12.6%	12.2%	9.9%	9.4%	8.8%	-2.2%	-0.2%	

...even as Carvana's adj EBITDA Margins are structurally higher in recent years, 2x higher than industry peers¹⁵:

CVNA US: Financial Information					
FY Dec 31 (\$mln)	2022	2023	2024	YTD 2025	
Revenue	13,604.0	10,771.0	13,673.0	14,719.0	
Adjusted EBITDA	-1,041.0	339.0	1,378.0	1,726.0	
Adj EBITDA margin (%)	-7.7%	3.1%	10.1%	11.7%	
% of income from related parties and Gain on Sales	-59.5%	176.4%	71.3%	66.9%	
Net Income/(Loss)	-2,894.0	150.0	404.0	944.0	
FCF (CFO - Capex)	-1,836.0	716.0	827.0	510.0	
Net debt	7,875.0	5,743.0	3,916.0	3,061.0	

Carvana's 13.5% adj EBITDA margin targets aren't a coincidence¹⁶: these are Adj EBITDA Margin figures that DriveTime has achieved and exceeded in the past, and as a far smaller company than either DriveTime or Carvana are today.

DriveTime, is a much larger company today, yet the company is reporting lowest ever adj EBITDA margins we have seen in public records.

We think this is classic Ernie Garcia II. Follow the incentives – which is to boost the value of the public-facing CVNA – and the outcomes make sense. CVNA earnings get the benefit publicly, while DriveTime takes the hit, in the shadows. This works so long as there's no transparency.

We believe it is not a coincidence that CVNA adj EBITDA margins have expanded at the same time that DriveTime's adj EBITDA margins have collapsed, because of the other red flags we have already identified, as well as others explained later in this report. Here we estimate what that value transfer – which is ultimately funded by credit, not cash flow or Ernie Garcia's contributions, as he as actually extracted cash out of DriveTime – looks like, from an Adjusted EBITDA approach¹⁷:

DriveTime: Scenario Analysis				
	FY Dec 31 (\$mln)	2022	2023	2024
Reported Revenue	2,808.4	3,246.6	3,663.0	
Adj EBITDA excl the addback for portfolio debt int expense	246.4	-71.1	-5.9	
% margin	8.8%	-2.2%	-0.2%	
Scenario 1: Assume 10.6% margin for each year		10.6%	10.6%	10.6%
Implied Adjusted EBITDA	296.5	342.8	386.8	
\$ variance: Reported vs Scenario Estimate	-50.1	-413.9	-392.6	
Scenario 2: Assume 12.6% margin for each year		12.6%	12.6%	12.6%
Implied Adjusted EBITDA	354.8	410.1	462.8	
\$ variance: Reported vs Scenario Estimate	-108.4	-481.2	-468.6	
Scenario 3: Assume 14.0% margin for each year		14.0%	14.0%	14.0%
Implied Adjusted EBITDA	393.2	454.5	512.8	
\$ variance: Reported vs Scenario Estimate	-146.8	-525.6	-518.7	

Our adj EBITDA approach validates our cash flow approach. We believe Scenario 2 and Scenario 3 are more credible given that DriveTime is a larger company today than it was in the past and even when DriveTime was reporting 12-19% adj ebitda margins back in 2008-2013, its revenue per employee was lower than it is today.

DriveTime's revenue per employee higher from 2022-2024 vs past

DT's revenue per employee is around \$760,000 per employee as of 2024, far higher than the \$440-\$480K range in 2010-2013¹⁸:

DriveTime: Employee Analysis							
FY Dec 31 (\$mln)	2010	2011	2012	2013	2022	2023	2024
Number of employees	2,243	2,410	2,530	3,165	4,566	4,368	4,800
Total Revenues (\$ mln)	1,025.7	1,122.0	1,221.1	1,400.9	2,808.4	3,246.6	3,663.0
Revenue per employee (\$)	\$ 457,308	\$ 465,546	\$ 482,634	\$ 442,621	\$ 615,062	\$ 743,261	\$ 763,130

Revenue per employee today is far higher, which shows how DriveTime has grown in economies of scale. Yet below the Revenue line, we don't see evidence of this scale benefit. We believe this is because DriveTime subsidizes Carvana, taking a hit on its own margins.

If anything, DriveTime's structurally higher revenue per employee means the company has the potentially to report far higher profit margins today than it did in the 2008-2013 period.

DriveTime 2023/2024 cash levels lower than 2012/2013 cash levels

Even though DriveTime's reported revenues have more than tripled since 2008, its cash and cash equivalents balance as of 2024 is lower than it was in 2008. Real businesses require minimum levels of cash to operate their businesses. The below table shows DriveTime's Cash and Cash Equivalents for 2008-2013, 2022-2024¹⁹:

DriveTime: Cash and cash equivalents ("Cash & Equiv.")									
FY Dec 31 (\$mln)	2008	2009	2010	2011	2012	2013	2022	2023	2024
Cash & Equiv.	25.5	21.5	23.7	25.9	26.5	30.8	44.1	16.4	24.3

The fact the Company's cash levels are lower than they were in 2008 supports our view that DriveTime is not run as a for profit enterprise.

DriveTime cash as % of revenue has suspiciously declined over time

DriveTime's cash has precipitously declined as a % of revenue. DriveTime had steadily maintained cash at around 2.2%-2.4% of revenue between 2008-2013. This seems like very intentional financial management, evidence of a well-run, for-profit enterprise. Suspiciously, cash has declined 0.5%-0.7% of revenue in recent years²⁰:

DriveTime: Cash and cash equivalents ("Cash & Equiv.")									
FY Dec 31 (\$mln)	2008	2009	2010	2011	2012	2013	2022	2023	2024
Cash & Equiv.	25.5	21.5	23.7	25.9	26.5	30.8	44.1	16.4	24.3
Total revenue	1,058.6	946.3	1,025.7	1,122.0	1,221.1	1,400.9	2,808.4	3,246.6	3,663.0
% of Revenue	2.4%	2.3%	2.3%	2.3%	2.2%	2.2%	1.6%	0.5%	0.7%

Carvana cash as % of revenue for 2016-present confirms cash remaining steady as % of revenue²¹:

Carvana: Cash and cash equivalents ("Cash & Equiv.")									
FY Dec 31 (\$mln)	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD 2025
Cash & Equiv.	39.2	172.7	78.9	76.0	301.0	403.0	434.0	530.0	1,716.0
Total revenue	365.1	858.9	1,955.5	3,940.0	5,587.0	12,814.0	13,604.0	10,771.0	14,719.0
% of Revenue	10.7%	20.1%	4.0%	1.9%	5.4%	3.1%	3.2%	4.9%	12.6%

DriveTime 2023/2024 PP&E levels similar to 2012/2013 cash levels

Despite the fact business has significantly grown, DriveTime's PP&E is lower as of 2024 vs 11 years ago, 2013²²:

DriveTime: Property and Equipment, net ("P&E, net")									
FY Dec 31 (\$mln)	2008	2009	2010	2011	2012	2013	2022	2023	2024
P&E, net	51.5	51.4	61.6	90.7	93.1	103.7	N/A	113.3	96.5

DriveTime 2023/2024 capex spend lower than 2012/2013 capex spend

Similarly DriveTime's capex spend 2024 is lower than it was a decade ago²³:

DriveTime: Purchase of Property and Equipment ("Purchase of P&E")									
FY Dec 31 (\$mln)	2008	2009	2010	2011	2012	2013	2022	2023	2024
Purchase of P&E	-7.2	-13.3	-20.9	-44.2	-24.5	-36.3	-33.4	-15.6	-20.8

Capex as % of revenue, for 2008-2013, 2022-2024²⁴:

DriveTime: Purchase of Property and Equipment analysis									
FY Dec 31 (\$mln)	2008	2009	2010	2011	2012	2013	2022	2023	2024
Purchase of P&E	-7.2	-13.3	-20.9	-44.2	-24.5	-36.3	-33.4	-15.6	-20.8
Total Revenue	1,058.6	946.3	1,025.7	1,122.0	1,221.1	1,400.9	2,808.4	3,246.6	3,663.0
% of Revenue	-0.7%	-1.4%	-2.0%	-3.9%	-2.0%	-2.6%	-1.2%	-0.5%	-0.6%

CVNA profits are fueled by DriveTime's 20-40x leverage

DriveTime levered up 20x-40x in 2023-2024, way beyond its historic levels

The 2024 DriveTime Annual Report, which CVNA evidently does not want publicly available, reveals many things. In the prior section, we explained how DT has burned over \$1 billion in cash flow from 2022-2024, during the same period that CVNA generated cash flow for the first time ever. We see these as interconnected. DriveTime's pain is Carvana's gain.

But Carvana's dependence on DriveTime is incredibly fragile, as DriveTime levered up to 20x-40x in 2023-2024, **well beyond its historical levels of 5x-10x**. Gotham City Research believes this leverage is beyond aggressive, and that over 100% of Carvana's earnings are at risk of evaporating overnight because of this leverage. Here are some of the observations that support our views:

- DriveTime Net Debt to Adjusted EBITDA surged to 20x-40x in 2023-2024, well beyond its historic range of ~5x-10x.
- DriveTime 2023-2024 surge in leverage coincides with Carvana's reduction in leverage. DT's leverage is way beyond its peer, CACC's, leverage levels.
- DriveTime 2023-2024 interest expense coverage ratio is 0.5x-1.0x, dramatically lower than its historic 2.5x. This compares against CACC which is far more conservative.
- Quality of DriveTime's funding sources have worsened over time, and appears much lower in quality compared to CarMax and AutoNation.
- We estimate that DriveTime's available liquidity as a % of revenue is only 0.7%, versus 7.3% and 9.7% for AutoNation and CarMax, respectively, as of 2024.
- We Estimate DriveTime 2025 leverage is ~20x, remains elevated compared to its past.
- Starting next month, CVNA "Paid in Kind" PIK interest becomes cash interest expense.
- We calculate that CVNA would have failed to service its debt from 2022-2024 without DriveTime's related party benefit.

CVNA's earnings depend on Drivetime, but its sources of cash have been credit. Therefore, Carvana's ability to service its debt depends on DriveTime and its solvency.

Without raising \$1 billion Debt, DriveTime would've been insolvent and CVNA unprofitable

DriveTime is not generating cash flow from operating activities nor free cash flow. DriveTime is burning cash from 2022-2024. So how is the business still in operation? Drivetime raised over \$1 billion in net debt¹:

DriveTime: CF Statement items				
FY Dec 31 (\$mln)	2022	2023	2024	Cumul. (^{'22-'24})
DriveTime: CFO	95.4	-324.4	-707.6	-936.6
DriveTime: CFI	-47.6	-49.5	-18.2	-115.3
DriveTime: CFF	-115.5	379.9	766.7	1,031.1

Some Carvana skeptics have conjectured that DriveTime boosts CVNA result by absorbing losses/costs and that Ernie Garcia II backstops these losses with cash contributions.² What we find is something far worse: DriveTime's cash burn is supported not by Ernie Garcia, but by creditors, namely debt from term securitisation and wholesale funding sources³:

DriveTime: Garcia's net cash extraction versus total financing raised					
	FY Dec 31 (\$mIn)	2022	2023	2024	Cumul. ('22-'24)
DriveTime: Net (distribution to)/contributions from shareholders [A]		-218.9	-122.1	-10.9	-351.9
Total financing net raised (term securitization and wholesale) [B]		112.7	517.1	800.2	1,430.0
Net cash extraction as % total funds raised [A/B]		-194.2%	-23.6%	-1.4%	-24.6%

In fact, as you can see from the table above, Ernie Garcia actually has extracted \$352 million out of DriveTime, not contributed cash into DriveTime, despite the fact DriveTime has been burning cash. The cash Garcia is extracting out of DriveTime is funded by debt issuance. The “total financing net raised” row is the sum of “proceeds from” and “repayment of” portfolio term financings and portfolio warehouse facilities⁴:

	2024	2023	2022
Cash Flows from Financing Activities:			
Proceeds from portfolio term financings	\$ 2,465,721	\$ 2,077,950	\$ 1,168,510
Repayment of portfolio term financings	(1,776,553)	(1,574,347)	(1,444,767)
Proceeds from portfolio warehouse facilities	2,560,500	2,101,000	1,251,000
Repayment of portfolio warehouse facilities	(2,449,500)	(2,087,500)	(862,000)
Proceeds from other debt facilities	60,965	—	—
Repayment of other debt facilities	(68,906)	(962)	(962)
Payment of debt issuance costs	(14,599)	(14,218)	(8,322)
Contributions from shareholders	200,000	150,000	150,000
Distributions to shareholders	(210,910)	(272,071)	(368,919)
Net cash provided by (used in) financing activities	766,718	379,852	(115,460)

DriveTime’s leverage is 18.2x-40.0x, up after 2022 DriveTime Leverage appears notably higher 2022-2024 vs past periods (based on net Debt to ADJ EBITDA). From 2008-2013, DriveTime’s leverage never exceeded 10.3x. Even in 2022, the critical year where CVNA nearly went bankrupt, DriveTime leverage was 9.2x. Only in 2023 and 2024, the years whereby CVNA suspiciously became cash flow positive, does DriveTime’s leverage balloon⁵:

DriveTime: Net debt / Adjusted earnings EBITDA ("Leverage Ratio")									
FY Dec 31 (\$mIn)	2008	2009	2010	2011	2012	2013	2022	2023	2024
Adj earnings EBITDA	104.5	159.5	197.9	180.5	162.9	174.0	333.0	85.6	227.5
Net debt	1,081.5	1,065.7	1,046.5	1,195.5	1,395.8	1,655.7	3,067.6	3,441.5	4,229.8
Leverage Ratio	10.3x	6.7x	5.3x	6.6x	8.6x	9.5x	9.2x	40.2x	18.6x

Credit Acceptance (CACC) another subprime lender’s leverage from 2022-2024 a lot lower, resembles DriveTime and its leverage in the years prior to 2023⁶:

CACC US: Net debt / EBITDA ("Leverage Ratio")									
FY Dec 31 (\$mIn)	2008	2009	2010	2011	2012	2013	2022	2023	2024
EBITDA	159.8	266.6	305.7	357.7	411.6	468.6	887.3	643.0	755.7
Net debt	638.6	504.8	681.9	993.2	1,241.8	1,388.2	4,583.0	5,054.3	6,009.2
Leverage Ratio	4.0x	1.9x	2.2x	2.8x	3.0x	3.0x	5.2x	7.9x	8.0x

DT leverage is massively up, while CVNA leverage has declined⁷:

Carvana: Net Debt / Adjusted EBITDA ("Leverage Ratio")				
FY Dec 31 (\$mIn)	2022	2023	2024	2025 TTM
Total Debt	8,309.0	6,273.0	5,632.0	5,203.0
Less: Cash & Equiv.	-434.0	-530.0	-1,716.0	-2,142.0
Net Debt	7,875.0	5,743.0	3,916.0	3,061.0
Adjusted EBITDA	-1,041.0	339.0	1,378.0	2,085.0
Leverage Ratio	-7.6x	16.9x	2.8x	1.5x

DT burned cash and had its lowest reported margins ever at the very same CVNA reported its best ever cash flow and profits. And DT had its highest ever leverage even as CVNA reduced its leverage. We don't think these are coincidences: DriveTime's pain, has been CVNA's gain. We believe the DriveTime 2024 Annual Report reveals that this is not sustainable indefinitely, contrary to what the market seems to believe.

DriveTime 2023-2024 interest coverage: cannot cover interest organically

- DriveTime adj EBITDA does not cover Interest expense in recent years⁸

FY Dec 31 (\$mln)	2022	2023	2024
DT: Ratio of adjusted earnings EBITDA to total interest expense	3.80x	0.50x	1.00x

- DriveTime's adj EBITDA covered its interest expense between 2008-2013 (even 2008!)⁹

DriveTime: Interest Coverage						
FY Dec 31 (\$mln)	2008	2009	2010	2011	2012	2013
Adjusted EBITDA	104.5	159.5	197.9	180.5	162.9	174.0
Total interest expense	97.1	110.7	98.1	73.1	73.1	75.1
Interest Coverage	1.08x	1.44x	2.02x	2.47x	2.23x	2.32x

- Drivetime's Interest coverage ratio compares poorly vs CACC¹⁰

CACC US: Interest Coverage									
FY Dec 31 (\$mln)	2008	2009	2010	2011	2012	2013	2022	2023	2024
EBITDA	159.8	266.6	305.7	357.7	411.6	468.6	887.3	643.0	755.7
Total interest expense	43.2	32.4	47.8	57.2	63.4	65.0	166.6	266.5	419.5
Interest Coverage	3.70x	8.23x	6.40x	6.25x	6.49x	7.21x	5.33x	2.41x	1.80x

We estimate Carvana's leverage and ability to service its debt far worse without DriveTime

We estimate CVNA couldn't service interest without DriveTime in 2023 and 2024¹¹:

CVNA US: Interest coverage analysis			
FY Dec 31 (\$mln)	2023	2024	Cumul ('23-'24)
Carvana: Adjusted EBITDA	339.0	1,378.0	1,717.0
Carvana: Total interest expense	632.0	651.0	1,283.0
CVNA Adjusted EBITDA / Total interest expense	0.54x	2.12x	1.34x
CVNA Adj EBITDA adjusted for related party benefit	14.6	670.4	685.0
Carvana: Total interest expense	632.0	651.0	1,283.0
GCR estimated interest coverage ratio for CVNA	0.02x	1.03x	0.53x

Without DriveTime benefit, we estimate CVNA's 2024 leverage would be 5.8x¹²:

CVNA US: Net debt analysis		
FY Dec 31 (\$mln)	2023	2024
Carvana: Net debt [A]	5,743.0	3,916.0
Carvana: Adjusted EBITDA [B]	339.0	1,378.0
Leverage ratio [C=A/B]	16.9x	2.8x
Drivetime: Cash Flow from Operating Activities [D]	-324.4	-707.6
CVNA Adj EBITDA adjusted for related party benefit [E=B+D]	14.6	670.4
Implied leverage ratio adj. for related party benefit [F=A/E]	393.0x	5.8x

We Estimate DriveTime 2025 leverage is at least 20x, remains elevated

We estimate that DriveTime's debt load has only worsened since 2024. We estimate that Bridgecrest debt outstanding has grown to \$4.4 billion (this is through buildout of the BLAST securitizations). And that wholesale has grown to \$0.6 billion. Therefore, we estimate total debt is \$5.0 billion as of 2025.

We conservatively assume DriveTime 2025 revenue grew to \$4 billion, and that DriveTime's adj EBITDA margins for 2025 remains flat relative to 2024 at 6.2%. Given EBITDA declined for both AutoNation 2025 EBITDA -15% and KMX -20%, this doesn't seem like an aggressive assumption.

DriveTime's Funding sources: worse in 2024 than in 2013

NMC health was a Dubai-based company with shares listed UK that we were short. It turns out there was fraud.¹³ One of the red flags – the quality of the Company's financing sources declined over time. That is the exact opposite of what we expected as a company grew with scale over time.

Not saying DriveTime is NMC Health, but in this regard, the fact pattern is similar: DriveTime is a far larger company today than it was in 2013, yet the quality of DriveTime's funding sources have actually worsened from since 2013. In 2013, DriveTime had Senior Secured Notes Payable, implying that creditors were able/willing to lend to the corporate, rather than to its asset pools¹⁴:

DRIVETIME AUTOMOTIVE GROUP, INC. AND SUBSIDIARIES Consolidated Balance Sheets

	December 31, 2013	December 31, 2012
	(In thousands)	
ASSETS		
LIABILITIES & SHAREHOLDERS' EQUITY		
Liabilities:		
Payables and Other Accrued Expenses	\$ 108,749	\$ 95,267
Accrued Expenses-Related Party	647	818
Deferred Revenue	42,133	2,501
Portfolio Warehouse Facilities	283,400	57,200
Portfolio Term Financings	987,821	1,049,478
Senior Secured Notes Payable	253,316	193,320
Senior Secured Notes Payable-Related Party	—	5,000
Other Secured Notes Payable	161,964	117,281
Liabilities of Discontinued Operation	—	699
Total Liabilities	1,838,030	1,521,564

In 2024, DT's portfolio term financings consist of Portfolio Warehouse Facilities and Portfolio term financings. The Company no longer has Senior Secured Notes¹⁵:

	December 31, 2024	December 31, 2023
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Payables and accrued expenses ⁽⁵⁾	\$ 400,086	\$ 399,312
Operating lease liabilities ⁽⁶⁾	141,817	140,458
Deferred revenue and refund reserves	1,022,717	882,687
Portfolio term financings	3,743,077	3,057,576
Portfolio warehouse facilities	511,008	400,277
Other debt facilities	—	7,930
Total liabilities	5,818,705	4,888,240

By comparison, both CarMax and Autonation have a revolver (a source of unsecured credit)

In reviewing DriveTime's financials, we were struck by the very low cash and equivalents balance. Even though DriveTime's reported revenues have more than tripled since 2008, its cash and cash equivalents balance as of 2024 is lower than it was in 2008¹⁶:

DriveTime: Cash and cash equivalents ("Cash & Equiv.")									
FY Dec 31 (\$mln)	2008	2009	2010	2011	2012	2013	2022	2023	2024
Cash & Equiv.	25.5	21.5	23.7	25.9	26.5	30.8	44.1	16.4	24.3

While DriveTime claims to have \$778.0 million of liquidity at YE 2024, these are entirely sourced from asset-based facilities. DriveTime operates in a cyclical and volatile business, combining both cyclical demand and value of used cars, as well as unsecured lending to subprime borrowers. In our view it is strange that DriveTime does not have an unsecured corporate revolving credit facility, which would provide DriveTime accessible liquidity regardless of its ability to post collateral – which may or may not be available in an adverse situation.

We evaluated DriveTime's competitors, CarMax and AutoNation, to assess whether our expectations of prudent financial resource management were reflected in the industry. CarMax and Auto Nation do indeed have corporate Revolving Credit Facilities, with which to manage their liquidity needs.

As is visible below, we calculate that AutoNation and CarMax have between 7% and 10% of revenues in available corporate liquidity, whereas DriveTime has only 0.7% available corporate liquidity to weather any storm, a situation we believe is highly risky¹⁷:

Comparable		Revenues	Cash & Equiv.	Corporate RCF capacity	Corporate available liquidity	Liquidity / Revenues
Liquidity	Period	(\$mln)	(\$mln)	(\$mln)	(\$mln)	
DriveTime	FY2024	3,663	24	0	24	0.7%
Carmax	FY2024	26,536	574	2,000	2,574	9.7%
AutoNation	FY2024	26,765	60	1,899	1,959	7.3%

Given DriveTime's size and the cyclicity of its business, we are surprised that the company has not secured a general corporate revolver in place. We wonder if this is because creditors are uncomfortable with DriveTime's leverage, which would indicate significantly worsened creditworthiness.

Garcia extracted \$352m while leverage grew to 20x-40x

Ernie Garcia II has extracted \$352 million out of DriveTime, contrary to claims otherwise

There are suspicions in the marketplace that Carvana's reported results are too good to be true, and that the Company uses related parties to secretly absorb losses, and Ernie Garcia II injects proceeds from CVNA share sales into these related parties to neutralize these losses. It has been speculated¹:

1. DriveTime as a hidden-loss entity: Losses from risky loans (>70% default rates) are allegedly moved off CVNA books
2. These losses are absorbed by DriveTime, owned by Ernie Garcia II.
3. This structure is described as "Ponzi-like" using share sales and stock price runs to refill capital as losses mount at DriveTime.

The DriveTime 2024 Annual Report confirms that DriveTime absorbs huge cash losses. However, it also reveals that debt issuance, not cash injections from Garcia II, prop up DriveTime, allowing it to funnel proceeds to Carvana. But while DriveTime has been burning cash and raising debt, Ernie Garcia II has extracted massive amounts of cash out of DriveTime. We find this suspicious for the following reasons:

1. The Amounts Garcia II has extracted are very large, versus profits and cash flow.
2. The Amounts are very large compared to proceeds from debt issuances.
3. Timing of extraction is suspicious: why extract cash out as you're burning cash and raising debt, rather than when generating cash and paying down debt?
4. These are also suspicious also given the context that CVNA was nearly bankrupt
5. The way Garcia II extracts odd as well: Garcia II has only injected funds into DriveTime – via contributions – and only extracted funds out of BridgeCrest – via distributions. Distributions have far exceeded contributions.
6. We wonder if Garcia injects cash into DriveTime to maintain access to DriveTime related credit facilities.
7. Garcia II must be extracting cash out of BridgeCrest related sources, but it's not clear exactly how.
8. We wonder if creditors even know that Garcia is injecting funds into DriveTime but extracting far larger amounts out of Bridgecrest.

Ernie Garcia II has pulled out of over \$352 million of DriveTime between 2022-2024

The DriveTime 2024 statement of cash flows reveals Garcia II has been taking money out, not putting into, a cash incinerating DriveTime²:

	Years ended December 31,		
	2024	2023	2022
Contributions from shareholders	200,000	150,000	150,000
Distributions to shareholders	(210,910)	(272,071)	(368,919)

Within the first three months of 2025, Garcia contributed and withdrew \$200 million³:

NOTE 16 — SUBSEQUENT EVENTS

The Company has evaluated subsequent events for potential recognition and/or disclosure through March 31, 2025, the date the financial statements were available for issuance. Accordingly, the following disclosures apply:

Contributions

Subsequent to December 31, 2024, the Company's shareholders contributed \$200.0 million, respectively, to DTAG.

Distributions

Subsequent to December 31, 2024, the Company paid distributions of \$200.0 million, which were previously approved by the Board of Directors during the year ended December 31, 2024.

The Amounts are very large compared to the debt issuance. We calculate that Garcia II took out \$352 million while DriveTime raised \$1.43 billion in debt⁴:

DriveTime: Garcia's net cash extraction versus total financing raised				
FY Dec 31 (\$mIn)	2022	2023	2024	Cumul. ('22-'24)
DriveTime: Net (distribution to)/contributions from shareholders [A]	-218.9	-122.1	-10.9	-351.9
Total financing net raised (term securitization and wholesale) [B]	112.7	517.1	800.2	1,430.0
Net cash extraction as % total funds raised [A/B]	-194.2%	-23.6%	-1.4%	-24.6%

Garcia cash extraction is large even compared to DriveTime's cash burn

We calculate DriveTime burned over \$1 billion in free cash flow between 2022-2024, and Garcia extracted \$352 million, which is equivalent to more than one third the amount the business burned⁵:

DriveTime (DT): Accounting for Garcia net cash extraction				
FY Dec 31 (\$mIn)	2022	2023	2024	Cumul. ('22-'24)
DT: FCF [A]	62.0	-339.9	-728.5	-1,006.4
DT: Garcia net cash extraction [B]	-218.9	-122.1	-10.9	-351.9
Total [A+B]	-156.9	-462.0	-739.4	-1,358.3

Garcia's \$352 million extraction is large compared to DriveTime's 2022-2024 cumulative profits⁶:

DriveTime (DT): Accounting for Garcia net cash extraction				
FY Dec 31 (\$mIn)	2022	2023	2024	Cumul. ('22-'24)
DT: Garcia net cash extraction	-218.9	-122.1	-10.9	-351.9
DT: Net Income	39.3	-69.3	40.8	10.8
DT net cash extraction as % of DT Net Income	-557.7%	176.1%	-26.7%	-3273.2%

Garcia's \$352 million extraction is large compared to CVNA's 2023-2024 cumulative profits⁷:

DriveTime (DT): Accounting for Garcia net cash extraction			
FY Dec 31 (\$mIn)	2023	2024	Cumul. ('23-'24)
DT: Garcia net cash extraction	-122.1	-10.9	-133.0
CVNA: Net Income	150.0	404.0	554.0
DT net cash extraction as % of CVNA Net Income	-81.4%	-2.7%	-24.0%

Garcia earns a lot from other related party transactions with DriveTime, making this all the more puzzling⁸:

	Year Ended December 31,		
	2024	2023	2022
Lease expense	26,465	24,067	24,036
Sublease income	(171)	(167)	(165)
Selling, general, and administrative expenses	1,067	1,020	870
Reimbursement of selling, general, and administrative expenses	(1,067)	(1,020)	(870)
Total related party operating expenses	\$ 26,294	\$ 23,900	\$ 23,871

Shareholders' notes receivable

Bridgecrest has three notes receivable with Bridgecrest shareholders. The notes receivable have an expiration date of December 2028. As of December 31, 2024 and 2023, the amounts outstanding under the shareholders' notes receivable were \$8.3 million and \$10.4 million, respectively.

As of December 31, 2024, 2023, and 2022, effective interest rates were 7.92%, 8.59%, and 6.95%, respectively. For the years ended December 31, 2024, 2023 and 2022, the Company recorded \$0.8 million, \$0.9 million, and \$0.6 million, respectively, in interest income related to these notes, which are included in interest income in the accompanying consolidated statements of comprehensive income.

Garcia II injecting into DriveTime, withdrawing out of Bridgecrest

The Garcia II are contributing funds into DriveTime while extracting funds from Bridgecrest. Equity investment increases paid in capital⁹:

DriveTime Automotive Group, Inc. shareholders' deficit:		
Common stock	—	—
Paid-in capital	995,036	795,036
Accumulated loss	(1,582,299)	(1,316,823)
DriveTime Automotive Group, Inc. shareholders' deficit	(587,263)	(521,787)
Bridgecrest Acceptance Corporation noncontrolling interest ⁽⁷⁾	1,457,632	1,362,242
Accumulated other comprehensive income	319	441
Total shareholders' equity	870,688	840,896
Total liabilities & shareholders' equity	\$ 6,689,393	\$ 5,729,136

However, the group sees net dividends paid out, from Bridgecrest, to Garcia II¹⁰:

DRIVETIME AUTOMOTIVE GROUP, INC. AND SUBSIDIARIES Consolidated Statements of Shareholders' Equity (In thousands)

	DriveTime Automotive Group, Inc.					
	Common Stock	Paid-in Capital	Accumulated Loss	Non-controlling Interest-Bridgecrest Acceptance Corporation ⁽⁴⁾	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, December 31, 2021	\$ —	\$ 495,036	\$ (817,058)	\$ 1,533,540	\$ —	\$ 1,211,518
Net (loss) income	—	—	(216,167)	255,421	—	39,254
Contributions from shareholders	—	150,000	—	—	—	150,000
Distributions to shareholders	—	—	—	(368,919)	—	(368,919)
Balance, December 31, 2022	\$ —	\$ 645,036	\$ (1,033,225)	\$ 1,420,042	\$ —	\$ 1,031,853
Net (loss) income	—	—	(283,598)	214,271	—	(69,327)
Other comprehensive income	—	—	—	—	441	441
Contribution from shareholders	—	150,000	—	—	—	150,000
Distributions to shareholders	—	—	—	(272,071)	—	(272,071)
Balance, December 31, 2023	\$ —	\$ 795,036	\$ (1,316,823)	\$ 1,362,242	\$ 441	\$ 840,896
Net (loss) income	—	—	(265,476)	306,300	—	40,824
Other comprehensive loss	—	—	—	—	(122)	(122)
Contribution from shareholders	—	200,000	—	—	—	200,000
Distributions to shareholders	—	—	—	(210,910)	—	(210,910)
Balance, December 31, 2024	\$ —	\$ 995,036	\$ (1,582,299)	\$ 1,457,632	\$ 319	\$ 870,688

(1) See Note 2 — Significant Accounting Policies for a discussion regarding the noncontrolling interest of Bridgecrest Acceptance Corporation.

It is important to recall that DT and Bridgecrest are CONSOLIDATED, but Bridgecrest is NOT a subsidiary – it is a sister company under “common control”. So Bridgecrest pays a dividend, while DT receives an infusion of new capital – why does DT need an infusion of capital, that seems like a sick business – being subsidized by shareholders!¹¹

Net loss attributable to DriveTime Automotive Group, Inc.	\$ (265,476)	\$ (283,598)	\$ (216,167)
Net income attributable to noncontrolling interest—Bridgecrest Acceptance Corporation ⁽⁸⁾	306,300	214,271	255,421
Net income (loss)	\$ 40,824	\$ (69,327)	\$ 39,254
Other comprehensive (loss) income attributable to noncontrolling interest—Bridgecrest Acceptance Corporation	(122)	441	—
Comprehensive income (loss)	\$ 40,702	\$ (68,886)	\$ 39,254

The reasons for injecting equity into could be manifold, but one thing we note is that Bridgecrest is funded via securitizations, which are large, static pools that are raised sporadically. They are also asset backed, and not dependent on the creditworthiness of the issuer¹²:

Portfolio term financings

The following table reflects a summary of portfolio term financings as of December 31, 2024 and 2023 (in thousands):

	December 31, 2024	December 31, 2023
Securitization debt	\$ 3,762,679	\$ 3,074,154
Deferred financing costs, net	(19,602)	(16,578)
Total portfolio term financings	\$ 3,743,077	\$ 3,057,576

Securitization debt

The following table reflects a summary of the Company's securitization transactions with outstanding balances as of December 31, 2024 and 2023 (dollar amounts in thousands):

Securitization Transaction	December 31, 2024				December 31, 2023			
	Debt Balance	Loan Principal Pledged	Cash Reserve	Interest Rate ⁽¹⁾	Debt Balance	Loan Principal Pledged	Cash Reserve	Interest Rate ⁽¹⁾
2019-4	\$ —	\$ —	\$ —	—%	\$ 48,659	\$ 61,294	\$ 7,795	2.8%
2020-1	—	—	—	—%	67,642	79,217	7,500	2.5%
2020-2	—	—	—	—%	62,125	77,686	9,000	3.6%
2020-3	36,998	47,907	6,750	1.5%	80,383	98,959	6,750	1.5%
2021-1	44,370	53,189	6,000	1.0%	87,695	102,243	6,000	1.0%
2021-2	70,128	81,136	7,500	1.3%	130,149	149,574	7,500	1.3%
2021-3	107,557	119,334	8,250	1.0%	184,975	206,179	8,250	1.0%
2021-4	88,730	99,322	6,000	1.5%	149,168	167,429	6,000	1.5%
2022-1	104,314	116,326	6,434	3.1%	177,242	197,793	6,434	3.1%
2022-2	116,764	138,315	6,826	4.6%	176,963	231,899	6,826	4.6%
2022-3	164,589	200,374	7,500	7.7%	240,800	325,127	7,500	7.7%
2023-1	266,440	330,938	10,755	6.6%	366,310	522,709	10,755	6.6%
2023-2	246,027	326,185	9,440	6.6%	396,234	498,332	9,440	6.6%
2023-3	254,783	336,349	8,375	7.0%	383,520	490,122	8,375	7.0%
BLAST 2023-1	347,352	467,553	10,500	7.6%	522,289	665,982	10,500	7.6%
BLAST 2024-1	378,336	510,168	10,500	6.1%	—	—	—	—%
BLAST 2024-2	429,231	566,097	10,500	6.4%	—	—	—	—%
BLAST 2024-3	514,924	691,443	12,000	6.0%	—	—	—	—%
BLAST 2024-4	592,136	756,816	12,000	5.3%	—	—	—	—%
	\$ 3,762,679	\$ 4,841,452	\$ 139,330		\$ 3,074,154	\$ 3,874,545	\$ 118,625	

(1) These rates represent the original duration weighted average rates of the asset-backed securities issued and retained.

DriveTime accesses portfolio warehouse facilities, and the revolving inventory facility¹³:

Other debt facilities

Revolving inventory facility

The Company has a revolving inventory facility with a commitment amount of \$350.0 million and a commitment expiration date of May 2025. The facility is secured by certain vehicles in the Company's vehicle inventory. The interest rate on the revolving inventory facility was 7.8% and 8.8% as of December 31, 2024 and 2023, respectively. As of both years ended December 31, 2024 and 2023, the Company did not have an outstanding balance with the facility, excluding net deferred financing costs of \$0.3 million. As of December 31, 2024, the Company was in compliance with all financial covenants of this facility.

These facilities, evidently named after DriveTime, allow DT to access liquidity rapidly. By adding equity to DriveTime, this injection of additional funds may enhance its creditworthiness and therefore increase DTs ability to access these revolving facilities¹⁴:

Portfolio warehouse facilities

The following tables reflect a summary of portfolio warehouse facilities as of December 31, 2024 and 2023 (dollar amounts in thousands):

	December 31, 2024			Commitment Expiration Date
	Amount Outstanding	Facility Amount	Collateral ^(a)	
DT Warehouse, LLC facility	\$ 54,000	\$ 300,000	\$ 78,421	Feb 2026
DT Warehouse V, LLC facility	152,500	300,000	229,436	Dec 2026
DT Warehouse VII, LLC facility	139,500	300,000	205,654	Jul 2026
Bridgecrest Warehouse I, LLC facility	167,500	300,000	234,944	Aug 2026
	<u>513,500</u>	<u>\$ 1,200,000</u>	<u>\$ 748,455</u>	
Deferred financing costs, net	(2,492)			
Total portfolio warehouse facilities	<u>\$ 511,008</u>			

An alternative that we frequently see with levered companies private (equity) companies that see shareholders injecting funds is that the banks are demanding more capital to maintain debt facilities, which might be an alternate explanation.

Bridgecrest \$900m loan loss: BAC's pain is CVNA's gain

BridgeCrest: Carvana acts like it has something to hide when it comes to BridgeCrest

Gotham City Research has observed that Carvana acts as if it has something to hide when it comes to the entity called 'Bridgecrest'. For example, the word 'Bridgecrest' does not appear at all in CVNA 10K 2024. On its customer-facing website, Carvana acknowledges the existence of a company called Bridgecrest, but refers to the company as merely a "third party loan servicer"¹:

I financed my loan with Carvana. Who is Bridgecrest?

Bridgecrest Credit Company ("Bridgecrest") is our third-party loan servicer. Once a title is issued in your name with Carvana as the lienholder, Bridgecrest will secure and manage the title† until the loan is refinanced or paid in full. Additionally, as your loan servicer, Bridgecrest is responsible for managing your payments, credit reporting, collection activities, repossession proceedings, changes in residence, name changes and refinancing or paying off your loan.

- Here's Bridgecrest's contact information in case you need it:
- Bridgecrest Contact Phone Number: 800-967-8526
- Fax: 866-895-3504
- Hours: Monday-Friday 8:00 a.m. EST - 9:00 p.m. EST and Saturday 8 a.m. EST -1 p.m. EST
- Website: <https://www2.bridgecrest.com/>
- Email: customerservice@bridgecrest.com

† Titles in the following states will be sent to the registered owner even if there is a loan on the vehicle: KY, MN, MD, MO, MT, NY, and OK. Bridgecrest will manage the loan until the payoff is completed.

Actually, BridgeCrest is not a "third party", but a related party, as it is ultimately 100% owned by Ernie Garcia II. Also, Bridgecrest is not merely Carvana's loan servicer but wears many hats: BAC's securitization program refers to BAC as: "sponsor", "servicer", "seller" and "originator", etc²:

Profile

Collateral	Subprime auto loan receivables.
Seller, sponsor, servicer, administrator, custodian, and originator	Bridgecrest Acceptance Corp.
Issuing trust	Bridgecrest Lending Auto Securitization Trust 2025-1.
Grantor trust	Bridgecrest Lending Auto Securitization Grantor Trust 2025-1.
Depositor	Bridgecrest Auto Funding LLC.
Indenture trustee and standby servicer	Computershare Trust Co. N.A. (BBB/Stable/--).
Bank account provider	Wells Fargo Bank N.A. (A+/Stable/A-1).
Owner trustee and grantor trust trustee	Wilmington Trust N.A. (A-/Negative/A-2).

The absence of independent oversight is how people got screwed by Bernie Madoff.³ We believe CVNA obfuscates who BridgeCrest is, and what it does, for the following reasons:

- CVNA sells cars and then offloads toxic loans onto Bridgecrest's balance sheet (most of DriveTime's balance sheet is Bridgecrest's balance sheet. And Bridgecrest's balance sheet is fully consolidated onto DriveTime).
- So not only does Carvana's earnings depend on proceeds from DriveTime debt issuances, but the balance sheet backing DriveTime's debt consist of toxic assets.
- CVNA uses BridgeCrest servicing to generate artificial Gain on Sales.

In this and the next section Gotham City Research explains why we believe Carvana uses Bridgecrest – via origination and/or asset sales – to dump risky loans on its balance sheet. That Bridgecrest's pain is Carvana's gain.

The following facts support our opinions:

- DriveTime discloses \$5.0 billion in loans on its balance sheet as of 2024, but mentions \$5.9 billion “originated and retained” loans elsewhere in its 2024 Annual Report. This difference is explained as the loan principal balance versus the fair value of them.
- Thus, DT recognized an instant \$900 million marked to market loss on its loan portfolio in 2024, even as CVNA recognized an instant \$755 million gains on its sale of its loans in 2024. DriveTime’s behavior in 2024 differs from how it marked its loan book in 2013.
- Charge off-related notes to the financial statements in the DriveTime 2024 annual report reveal a 30% loss rate on its loans.
- In its 10K 2024, CVNA claims “DriveTime has also in the past and may in the future purchase or sell certain vehicles or automotive finance receivables from or to us.” But does not disclose specific amounts or any further information in its 10K.
- Suspiciously, there is no mention of DriveTime purchasing or selling finance receivables from/to CVNA in the DriveTime Annual Report 2024.
- The only reported purchase of receivables is from GoFi LLC, a related party.

DriveTime instantly recognizes a marked to market loss on its 2024 loan balances

Many Carvana skeptics have already shared concerns about the quality and trajectory of Subprime auto loans, and that Carvana and BridgeCrest could not be immune to that.⁴ We won’t bore you with a repeat of that, as many Carvana watchers have already warned about the poor quality of the Carvana and Bridgecrest loan pools. What we see in the DriveTime 2024 AR proves that their concerns are correct: DT says its owned portfolio loan principal balance is \$5.9 billion, yet instantly marks this portfolio down to a fair value of \$5.0 billion, an immediate -15% haircut⁵:

Portfolio

- originated \$2.9 billion of new loans to end the year with an owned portfolio loan principal balance of \$5.9 billion;
- and a fair value of \$5.0 billion; and

The Bridgecrest instant marked to market loss for 2023 and 2024 calculation⁶

1. **2024: \$5.6+\$0.3 = \$5.9 vs \$5.0 marked to market = difference = \$900 million haircut**
2. **2023: \$4.8+\$0.2 = \$5.0 vs \$4.2 marked to market = difference = \$800 million haircut**

As of December 31, 2024, and 2023, the aggregate fair value of loans that are active and less than 90 days past due was \$4.6 billion and \$3.9 billion, respectively, and the aggregate unpaid loan principal balance of such loans was \$5.6 billion and \$4.8 billion, respectively. As of December 31, 2024 and 2023, the aggregate fair value of loans that are active and 90 days or more past due was \$166.8 million and \$106.4 million, respectively, and the aggregate unpaid loan principal balance of such loans was \$321.4 million and \$238.0 million, respectively. As of December 31, 2024 and 2023, the aggregate fair value of all loans previously charged off was \$251.4 million and \$149.0 million, respectively, and the remaining aggregate net charged off loan principal balance of such loans was \$2.3 billion and \$2.3 billion, respectively. At times, the Company’s customers may experience financial or other difficulties. In response, the Company may grant an extension of the customer’s loan term, which can range between one to four months. As of December 31, 2024 and 2023, 26.49% and 22.11%, respectively, of loan principal balances had received an extension of their term.

Seeing that Gain on loan sales is such a large source of CVNA’s profits, yet CVNA doesn’t disclose how exactly they generate these gains, this finding is very concerning. DriveTime’s aggressive markdown in 2024 coincides with Carvana’s large 2025 Gain on Loan Sales of \$755 million⁷:

CVNA Gain on Loan Sales & Bridgecrest finance receivables balances			
	FY Dec 31 (\$mln)	2022	2023
CVNA: Gain on Loan Sales	411.0	434.0	755.0
Bridgecrest: Fair value	3,756.1	4,201.3	4,969.9
Bridgecrest: Loan principal balance	n/a	5,003.5	5,930.1
Bridgecrest: Net	n/a	-802.2	-960.2

This fact pattern is consistent with what is explained in the prior sections: CVNA and DriveTime results move suspiciously in opposing directions. It's as if DriveTime's pain, is Carvana's gain.

On its finance receivables, DriveTime 2013 looks like a for profit business, 2023/2024 do not

A look at DriveTime's balance sheet in in 2013 confirms that 2023 and 2024 are suspicious. In 2013, the difference between carrying value and fair value of DriveTime's finance receivable is not only small, but the Level 3 value is higher than the Carrying Value – the exact opposite of 2024⁸:

The following is a summary of carrying value presented within the balance sheet and fair value of our financial instruments for each period presented:

	December 31, 2013			
	Carrying Value	Level 1	Fair Value Level 2	Level 3
	(In thousands)			
Assets				
Finance Receivables, net ⁽¹⁾	\$ 1,598,010	\$ —	\$ —	\$ 1,692,247
Shareholder Notes Receivable	28,542	—	28,542	—
Liabilities				
Securitization Debt	713,953	729,395	—	—
Portfolio Term Residual Financing	50,000	—	47,462	—
Bank Term Financings	223,868	—	223,868	—
Portfolio Warehouse Facilities	283,400	—	283,400	—
Senior Secured Notes Payable	253,316	279,914	—	—
Revolving Inventory Facility	136,321	—	136,729	—
Mortgage Note Payable	12,231	—	12,808	—
Real Estate Facility	13,412	—	13,700	—

The difference in Principal Balances and Total Finance receivables is also small in 2013⁹:

(4) Finance Receivables

The following summarizes the components of finance receivables:

	December 31,	
	2013	2012
	(In thousands)	
Principal Balances	\$ 1,871,576	\$ 1,601,710
Recovery Receivables	29,432	27,040
Accrued Interest	19,522	16,414
Loan Origination Costs	18,401	16,498
Total Finance Receivables	\$ 1,938,931	\$ 1,661,662

Just like other red flags we have already discussed, the difference between loan principal amount and fair value lead us to believe DriveTime's origination activities are not evident of a for profit business, whereas it was in the past. CVNA sells most of its loans, but how CVNA marks its loan book more resembles how DriveTime does so in 2013, compared to how DriveTime does in 2024¹⁰:

The fair value of finance receivables, which are not carried at fair value on the accompanying consolidated balance sheets, was determined utilizing the estimated sales price based on the historical experience of the Company. Such fair value measurement of the finance receivables, net is considered Level 2 under the fair value hierarchy. The carrying value and fair value of the finance receivables as of December 31, 2024 and 2023 were as follows:

	December 31,	
	2024	2023
	(in millions)	
Carrying value	\$ 612	\$ 807
Fair value	\$ 670	\$ 854

Carvana says it has sold loans to DriveTime, but doesn't specify how much nor when exactly

CVNA details dozens of immaterial related party transactions, their exact dollar amounts and details, in its 10K. Yet when it comes to its lending relationship with its related party, Bridgecrest, CVNA refuses to even mention Bridgecrest by name (you have to work out that Bridgecrest is actually consolidated into DriveTime, which isn't necessarily an obvious fact), and also provides zero disclosures on exact dollar amounts of its lending activity with Bridgecrest, instead saying¹¹:

"DriveTime has also in the past and may in the future purchase or sell certain vehicles or automotive finance receivables from or to us."

DriveTime also does not disclose any purchase of loans from Carvana

Carvana says that it sells loans to DriveTime without specifying how much or when. DriveTime does not even disclose that they purchase or sells loans from CVNA. Though DriveTime does disclose purchases of finance receivables, these are tiny amounts compared to Originations¹²:

DRIVETIME AUTOMOTIVE GROUP, INC. AND SUBSIDIARIES Notes to Consolidated Financial Statements - (Continued)

The following table presents additional information about financial instruments classified as Level 3 that are measured at fair value on a recurring basis for the years ended December 31, 2024 and 2023 (in thousands):

	Year Ended December 31,	
	2024	2023
Finance receivables measured at fair value, beginning of period	\$ 4,201,281	\$ 3,756,118
Originations	2,925,914	2,570,928
Purchase of finance receivables	174,740	51,240
Payments related to finance receivables	(2,561,650)	(2,311,662)
Interest income ⁽¹⁾	506,420	411,274
Mark to fair value on finance receivables ⁽²⁾	(276,764)	(276,617)
Finance receivables measured at fair value, end of period	\$ 4,969,941	\$ 4,201,281

(1) Includes only interest income related to finance receivables measured at fair value. See Note 2 — Significant Accounting Policies for further discussion.

(2) For the years ended December 31, 2024 and 2023, the mark to fair value on finance receivables is inclusive of credit risk changes in the amounts of \$394.9 million and \$330.7 million, which decreases the expected net cash flows, respectively. These credit risk changes do not include any mark to fair value impact resulting from changes to discount rates.

DriveTime's purchase of \$174.7 million are all purchases from GoFi LLC, a related party

DriveTime's purchased 174.7 million of receivables from GoFi LLC, a related party ultimately fully owned by Ernie Garcia II¹³:

Finance receivables purchased

The Company has a purchase agreement with GoFi that allows the Company to purchase receivables from GoFi. During the years ended December 31, 2024, 2023, and 2022, Bridgecrest purchased \$174.7 million, \$51.2 million, and \$0.2 million, respectively, of finance receivables.

There is a footnote, mentioning that \$170 million on receivables on balance were "originated and purchased from related parties". We are not sure why this footnote refers related parties in the plural, as DriveTime has only disclosed purchase from a single related party, GoFi¹⁴:

- (1) Includes \$170,188 and \$44,859, respectively, of balances originated and purchased from related parties.
- (2) Includes \$1,782 and \$1,112, respectively, associated with related parties.

DriveTime assets are of poor quality: the fair value of loans charged off = 11 cents on the \$

Of all loans the Company has charged off, where the loan principal balances were \$2.3 billion as of 2024, the fair market value of that \$2.3 billion is \$251 million, implying losses of 89%.¹⁵

As of December 31, 2024, and 2023, the aggregate fair value of loans that are active and less than 90 days past due was \$4.6 billion and \$3.9 billion, respectively, and the aggregate unpaid loan principal balance of such loans was \$5.6 billion and \$4.8 billion, respectively. As of December 31, 2024 and 2023, the aggregate fair value of loans that are active and 90 days or more past due was \$166.8 million and \$106.4 million, respectively, and the aggregate unpaid loan principal balance of such loans was \$321.4 million and \$238.0 million, respectively. As of December 31, 2024 and 2023, the aggregate fair value of all loans previously charged off was \$251.4 million and \$149.0 million, respectively, and the remaining aggregate net charged off loan principal balance of such loans was \$2.3 billion and \$2.3 billion, respectively. At times, the Company's customers may experience financial or other difficulties. In response, the Company may grant an extension of the customer's loan term, which can range between one to four months. As of December 31, 2024 and 2023, 26.4%% and 22.1%%, respectively, of loan principal balances had received an extension of their term.

From the disclosures shown in the previous page, we can calculate the total marked to market return on the portfolio, inclusive of both the current and charged off loans:

- If we combine the principals of the charged off loans and the existing loans, we arrive at \$8.2 billion = \$5.6+\$0.3+\$2.3 billion.
- If we combine the fair value of the charged off loans and the existing loans, we arrive at \$5.0 billion = \$4.6+0.166+\$0.25 billion.

Thus, on a \$8.2 billion combined principal of loans as of 2024, the fair market value of these loans is \$5.0 billion. This implies the marked to fair value total loss is -39%. Our calculation is a bit higher but within range of the assumptions shown below (from the same page as the screenshot from the previous page), under ‘Remaining cumulative net losses’

The following table provides certain qualitative information about the Company's fair value measurement inputs as of December 31, 2024 and 2023 (in thousands):

December 31, 2024				
	Fair Value	Unobservable Inputs	Range of Inputs	Weighted Average of Inputs
Finance receivables measured at fair value	\$ 4,969,941	Discount rate	10.3%-10.3%	10.3 %
		Remaining cumulative net losses ⁽¹⁾	21.7%-35.9%	31.8 %
		Remaining weighted average life (years) ⁽²⁾	1.0-2.3	1.9

The difference between our calculation and the inputs may be that our calculation is for the total, not remaining, losses.

Bridgecrest assets are of poor quality: No FiCo score percentage high vs others¹⁶

FICO Analysis by Issuer			
Issuer ABS	Total # of Loans	Total # of Loans with no or zero FICO	% of Total
Bridgecrest	302,905	20,285	6.7%
Carvana	224,186	6,758	3.0%
Carmax 2025	311,426	0	0.0%
ALLY 2025-1	58,281	2,750	4.7%

FICO Analysis: BLASTs			
Bridgecrest ABS	Total # of Loans	Total # of Loans with no or zero FICO	% of Total
BLAST 2026-1	33,934	1,299	3.8%
BLAST 2025-4	30,066	962	3.2%
BLAST 2025-3	26,229	2,093	8.0%
BLAST 2025-2	40,030	2,978	7.4%
BLAST 2025-1	34,784	2,761	7.9%
BLAST 2024-4	37,360	2,807	7.5%
BLAST 2024-3	39,836	3,177	8.0%
BLAST 2024-2	30,596	2,138	7.0%
BLAST 2024-1	30,070	2,070	6.9%

CVNA-tied loans in BAC misrepresented in SEC filings

In the previous section, we explained how DriveTime's treatment of its loans contrasted with Carvana's treatment of its own: whereas, CVNA instantly book gains on loans that it sold in 2024, DriveTime immediately marked down the value of its loans in 2024. We find this divergence suspect, especially given that Carvana admits to selling loans to DriveTime, but oddly does not disclose when nor how much. In this section, we show hard evidence that CVNA's toxic loans sit on DriveTime's balance sheet. We provide irrefutable evidence that they are on balance sheet. Gotham City Research believes this has some serious implications, including:

- Carvana, DriveTime, and/or Bridgecrest securitization SEC filings and disclosures to the SEC fundamentally mispresent and omit material activities between them.
- The auditors are in trouble, and there will be an independent investigation into all these.
- Risk of double pledging of collateral and collateral misrepresentation.

The following facts support our opinion:

- Gotham City Research has uncovered dozens of auto vehicles tied to Carvana, not DriveTime, that appear in Bridgecrest securitizations (BLASTs) and vehicle history reports.
- These records confirm that there are loans on Bridgecrest's balance sheet that are tied to vehicles that CVNA sold. These records claim BridgeCrest is the originator.
- But neither Carvana nor DriveTime annual reports disclose that Bridgecrest originates loans for vehicles sold by Carvana. Either these disclosures are incorrect, or the BridgeCrest securitization XML files are incorrect in labelling Bridgecrest as originator.
- There is both Main Street and Wall Street confusion as to whether Bridgecrest or Carvana is the lender to customers who buy cars from Carvana as evident in Court filings, Better Business Bureau correspondences, Reddit, and other online forums

Irrefutable loan-level evidence that Bridgecrest holds CVNA-related loans, why it matters

The table shows loans that appear in BridgeCrest ABS securitizations that are tied to CVNA¹:

Asset Number	BLAST Securitization: Year & Series	Origination date: Month & Year	Vehicle Manufacturer name	Vehicle Model name	Vehicle Model Year	Obligor Originator Name	Obligor Credit Score	Latest Listed for sale	Lienholder	VIN Number
3351830	2024_1	09/2023	Honda	Pilot	2013	BAC	495	Carvana 2023-09-17	Bridgecrest	5FN1F4H50D8052860
3405694	2024_1	11/2023	Ford	Edge	2017	BAC	558	Carvana 2023-11-27	Bridgecrest	2FMPK3K9XHBC41026
3425144	2024_1	11/2023	Chevrolet	Equinox	2020	BAC	591	Carvana 2023-11-05	Bridgecrest	3GNAXJEV1L5513028
3378339	2024_1	10/2023	Chevrolet	Equinox	2018	BAC	537	Hertz Car Sales 2023-09-28, Carvana 2023-09-23	Bridgecrest	2GNAXHEV0J6333057
3502408	2024_2	01/2024	BUICK	Encore	2019	GOFI	568	Carvana 2024-01-07	Bridgecrest	KL4CJ1S88KB880848
3569031	2024_3	03/2024	Hyundai	TUCSON	2019	BAC	N/A	Carvana 2024-02-24	Bridgecrest	KM8J2CA43KU889854
3593816	2024_3	04/2024	Toyota	Camry	2017	BAC	477	Carvana 2024-04-13	Bridgecrest	4T1BF1FK3HU722326
3600478	2024_3	04/2024	Chevrolet	Traverse	2021	BAC	568	Carvana 2024-04-11	Bridgecrest	1GNERGKW8MJ172919
3608972	2024_3	04/2024	Hyundai	SANTA FE Sport	2018	BAC	510	Carvana 2024-04-04	Bridgecrest	5XYZTLB1JG524658
3630320	2024_3	05/2024	Nissan	Rogue	2015	BAC	567	Carvana 2024-05-28	Bridgecrest	KNMAT2MT6FP525804
3698371	2024_3	06/2024	Jeep	Compass	2018	BAC	501	Carvana 2024-06-18	Bridgecrest	3C4NDCB4JT234444
3721624	2024_4	07/2024	Mazda	CX-5	2018	BAC	530	Carvana 2024-07-07	Bridgecrest	JM3KFB0CM0J0467431
3806217	2024_4	08/2024	Hyundai	ELANTRA	2018	BAC	670	Carvana 2024-08-15	Bridgecrest	5NPD74LF6JH247581
3830854	2025_1	09/2024	Ford	Escape	2018	BAC	458	Carvana 2024-09-27	Bridgecrest	1FMCU0HD4JUC47164
3838507	2025_1	09/2024	Toyota	Camry	2014	BAC	568	Carvana 2024-09-18	Bridgecrest	4T1BF1FK3EU848066
3845495	2025_1	09/2024	Chevrolet	Trailblazer	2023	BAC	665	Carvana 2024-09-14	Bridgecrest	KL79MP525PB172085
3847293	2025_1	09/2024	Mitsubishi	Outlander	2018	BAC	600	Carvana 2024-08-29	Bridgecrest	JAA4D3A3A1J2069662
3865084	2025_1	10/2024	Ford	Fiesta	2019	BAC	494	Carvana 2024-10-27	Bridgecrest	3FADP4EJ7KM129638
3877445	2025_1	10/2024	Chevrolet	Camaro	2015	BAC	441	Carvana 2024-10-16	Bridgecrest	2G1FB1E3KF9106430
3887205	2025_1	10/2024	Ford	Edge	2022	BAC	498	Carvana 2024-10-17	Bridgecrest	2FMPK4K95NBA39681
3885323	2025_1	10/2024	Chevrolet	Equinox	2021	GOFI	448	Hertz Car Sales 2024-10-13, Carvana 2024-09-29	Bridgecrest	2GNAXKEV6M6101967
3986182	2025_2	12/2024	Lincoln	Corsair	2021	BAC	575	Carvana 2024-12-10	Bridgecrest	5LMCJ1D96MUL18009
4018039	2025_2	01/2025	Nissan	Altima	2023	BAC	677	Carvana 2024-12-30	Bridgecrest	1N4BL4B6PN341342
4076337	2025_2	02/2025	Nissan	Rogue	2021	BAC	609	Hertz Car Sales 2025-01-30, Carvana 2025-01-30	Bridgecrest	JN8AT3CA6MW023940
4084349	2025_2	03/2025	Chevrolet	Malibu	2023	BAC	599	Hertz Car Sales 2025-02-27, Carvana 2025-02-24	Bridgecrest	1G1ZD5S79PF140886
4100348	2025_2	03/2025	Hyundai	SANTA FE	2023	BAC	501	Hertz Car Sales 2025-03-16, Carvana 2025-03-08	Bridgecrest	5NMS26AJXP629809
4130647	2025_2	03/2025	Hyundai	ELANTRA	2023	BAC	533	Carvana 2025-03-14	Bridgecrest	KMHLS4AGPU473039
4209318	2025_3	05/2025	Dodge	Journey	2019	BAC	514	Carvana 2025-05-01	Bridgecrest	3C4PCBB2KT764327
4220502	2025_3	05/2025	Chevrolet	Malibu	2024	BAC	516	Hertz Car Sales 2025-05-16, Carvana 2025-05-15	Bridgecrest	1G1ZD5S7SF172060
4233066	2025_3	04/2025	Toyota	Camry	2016	GOFI	571	Carvana 2025-04-27	Bridgecrest	4T1BF1FK4GJ658031
4242617	2025_3	05/2025	Hyundai	SONATA	2017	BAC	488	Carvana 2025-05-05	Bridgecrest	5NPE24AF7HH572238
4250692	2025_3	05/2025	Hyundai	SONATA	2023	BAC	524	Carvana 2025-05-14, Hertz Car Sales 2025-05-14	Bridgecrest	KMHLS4AG3PA318611
4276579	2025_4	06/2025	Hyundai	SANTA FE	2023	BAC	566	Hertz Car Sales 2025-06-05, Carvana 2025-05-14	Bridgecrest	5NMS24AJ4PH543024
4459562	2025_4	09/2025	Chevrolet	Malibu	2024	BAC	532	Hertz Car Sales 2025-10-01, Carvana 2025-09-17	Bridgecrest	1G1ZD5S79RF216366

What the table shows: Each row in the table shows a loan that appears in BridgeCrest securitizations XML files submitted to the SEC. The Asset number is an identifier found in the XML files. For each loan, we found evidence that CVNA sold the car. The loan details in the XML files match the information found in Vin reports, including car model, model year, price, etc.

Tying the securitization loan data to the Vinaudit reports: a walkthrough via example

While Carvana acknowledges an ongoing relationship with DriveTime, specific disclosures remain lacking. Carvana's 2024 10-K notes that DriveTime has historically engaged in—and may continue to engage in—the purchase or sale of vehicles and finance receivables with Carvana. However, Carvana provides no specific data regarding the timing, frequency, or amounts of these transactions between Carvana and DriveTime²:

We maintain a business relationship with DriveTime Automotive Inc. and other entities affiliated with our controlling stockholders for certain services and processes.

We maintain a business relationship with DriveTime, a related party due to the Garcia Parties' control and ownership of substantially all of the interests in DriveTime. We benefit from our relationship and a series of arrangements with DriveTime and its affiliates that cannot be assumed to have been negotiated at arm's length. We continue to periodically engage DriveTime, its affiliates, and other entities controlled by our controlling stockholder to provide us with certain services, including lease agreements and the administration of VSCs. DriveTime has also in the past and may in the future purchase or sell certain vehicles or automotive finance receivables from or to us. Finally, before and after we sell automotive finance receivables originated by us, DriveTime performs ongoing servicing and collections. There can be no assurance that DriveTime and the other affiliates will continue these arrangements on similar terms, or at all, and as a result our financial condition and results of operations may be adversely affected and historical costs may not always accurately reflect future costs and expenses.

An examination of Bridgecrest (BLAST) securitization files reveals cases in which Carvana is listed as the seller for vehicles where Bridgecrest is both the designated loan originator and lienholder.

A specific example of the above involves a 2021 Lincoln Corsair (VIN: 5LMCJ1D96MUL18009)³:



The VinAudit report confirms Bridgecrest as the lienholder of the vehicle⁴:

Date	Record Type	Details
NA	Lien Record	Lien Holder: Bridgecrest VIN: 5LMCJ1D96MUL18009

Sale records from the same report show that on December 10th 2024, the vehicle was listed for sale by Carvana with a price of \$28,590⁵:

Sale Records

This section lists historical sale listings from available independent sources.

Source: VinAudit

Listed for sale: 2024-12-10
Carvana
Hollywood, FL

Listed for sale: 2024-12-07
Carvana
Hollywood, FL


Listed for sale: 2024-12-06
Carvana
Denver, CO 80222

Listed for sale: 2024-11-29
Carvana - Tampa
Tampa, FL

Listed for sale: 2024-11-28
Carvana

Listing Price
\$28,590

Vehicle Mileage:
14,514 miles



No image Available

The BLAST 2025-2 securitization file includes a 2021 Lincoln Corsair of vehicle amount \$28,590 that was originated by Bridgecrest Acceptance Corp (BAC) in December 2024. The origination date corresponds with the vehicle's sale listing by Carvana, as documented via VinAudit. The following data was extracted from the relevant securitization records⁶:

ns1:assetTypeNumber	ns1:assetNumber	ns1:originatorName	ns1:originationDate
BAC	3986182	BAC	12/2024
ns1:vehicleManufacturerName	ns1:vehicleModelName	ns1:vehicleModelYear	ns1:vehicleValueAmount
Lincoln	Corsair	2021	28590.46000000

Note how the originator name appears as BAC (shorthand for Bridgecrest). But these are loans on cars that Carvana sold.

No mention of Bridgecrest originating loans for vehicles sold by anyone other than DriveTime

Evidence from the BLAST securitization pools and VinAudit reports conflict with DriveTime's disclosures. There is no mention in the DriveTime AR of origination on purchase of Carvana cars:

- In its DriveTime 2024 AR, there is clearly no mention of BridgeCrest originating loans or providing auto financing to Carvana, nor anyone else, except for itself (DriveTime)
- DriveTime also does not disclose any purchase of loans from Carvana (which conflicts with CVNA 10K, which claims CVNA does sell loans to DriveTime).

The DriveTime 2024AR mentions that BAC provides auto financing for DriveTime, no mention of Carvana⁷:

“Bridgecrest Acceptance Corporation provides auto financing and loan servicing for substantially all vehicles sold by DTAG as well as third-party loan servicing.”

Same thing, no mention in other parts of the DriveTime 2024 AR⁸:

“DTAG originates and sells 100% of its loans to Bridgecrest, which Bridgecrest is required to purchase.” The filing also notes that Bridgecrest was “specifically created and designed by DTAG to obtain third-party financing for DTAG’s originations.”

Consolidation of Bridgecrest

As of December 31, 2024 and 2023, the Company has determined that Bridgecrest is a VIE and DTAG is the primary beneficiary of Bridgecrest. The Company determined that DTAG is the primary beneficiary of Bridgecrest because DTAG has both the power to direct the activities of Bridgecrest that most significantly impact Bridgecrest's economic performance and a potentially significant variable interest that carries with it the obligation to absorb the losses or the right to receive benefits of Bridgecrest. DTAG has the power to direct the activities of Bridgecrest because DTAG originates and sells 100% of its loans to Bridgecrest, which Bridgecrest is required to purchase. Additionally, Bridgecrest was specifically created and designed by DTAG to obtain third-party financing for DTAG's originations. DTAG also has potentially significant variable interests in the form of debt financing and certain guarantees between the two entities, all of which carry the obligation to absorb losses or the right to receive benefits of Bridgecrest.

Additionally, a BLAST prospectus confirms that the seller – Bridgecrest Acceptance Corp – “provides financing for substantially all of the used vehicles DriveTime Car Sales sells at its dealerships through retail installment sales contracts utilizing a centralized underwriting process.”⁹:

Underwriting Overview

The seller is a full spectrum lender that has historically focused on customers with a sub-prime credit profile, which is generally a result of having limited credit histories, modest incomes and/or prior credit difficulties. The seller provides financing for substantially all of the used vehicles DriveTime Car Sales sells at its dealerships through retail installment sales contracts utilizing a centralized underwriting process. The seller assesses each customer's credit risk through the use of its proprietary credit scoring models developed from its database of historical performance and proprietary blend of credit related information supplied from various third-party data providers.

No mention of Bridgecrest originating loans for Carvana cars, in Carvana disclosures either

Carvana's website <https://www.carvana.com/help/payment-and-financing/i-financed-my-loan-with-carvana-who-is-bridgecrest...> identifies Bridgecrest as its "third-party loan servicer", in the context of Carvana financing the car purchase, not Bridgecrest financing the car purchase¹⁰:

I financed my loan with Carvana. Who is Bridgecrest?

Bridgecrest Credit Company ("Bridgecrest") is our third-party loan servicer. Once a title is issued in your name with Carvana as the lienholder, Bridgecrest will secure and manage the title until the loan is refinanced or paid in full. Additionally, as your loan servicer, Bridgecrest is responsible for managing your payments, credit reporting, collection activities, repossession proceedings, changes in residence, name changes and refinancing or paying off your loan.

- The CVNA website clearly states that Carvana, not Bridgecrest, is the lienholder.
- The CVNA does not mention that Bridgecrest can be the lender nor originator.
- And it's not just Carvana's website: the word 'Bridgecrest' does not even appear a single time in the CVNA 2024 10K nor the CVNA 2025 proxy statement (def 14a).
- There is also no mention in CVNA's 2024 10K that DriveTime nor Bridgecrest originates any of its loans.

Carvana admits it sells loans to DriveTime (without mentioning the name Bridgecrest)

Carvana's latest 10K acknowledges it sells loans to DriveTime, but CVNA does not specify when exactly nor how much exactly it has bought or sold finance receivables from/to DriveTime¹¹:

- **CVNA 2024 10K:** *We benefit from our relationship and a series of arrangements with DriveTime and its affiliates that cannot be assumed to have been negotiated at arm's length. DriveTime has also in the past and may in the future purchase or sell certain vehicles or automotive finance receivables from or to us.*

We maintain a business relationship with DriveTime Automotive Inc. and other entities affiliated with our controlling stockholders for certain services and processes.

We maintain a business relationship with DriveTime, a related party due to the Garcia Parties' control and ownership of substantially all of the interests in DriveTime. We benefit from our relationship and a series of arrangements with DriveTime and its affiliates that cannot be assumed to have been negotiated at arm's length. We continue to periodically engage DriveTime, its affiliates, and other entities controlled by our controlling stockholder to provide us with certain services, including lease agreements and the administration of VSCs. DriveTime has also in the past and may in the future purchase or sell certain vehicles or automotive finance receivables from or to us. Finally, before and after we sell automotive finance receivables originated by us, DriveTime performs ongoing servicing and collections. There can be no assurance that DriveTime and the other affiliates will continue these arrangements on similar terms, or at all, and as a result our financial condition and results of operations may be adversely affected and historical costs may not always accurately reflect future costs and expenses.

This would explain how Carvana could originate loans and then sell them to DriveTime. But this conflicts with the BLAST securitization disclosures. These disclosures cannot be all accurate, which is why we believe someone will get in trouble here.

Evidence of obvious confusion as to who Bridgecrest is and who Carvana is: In consumer complaints and comments, we see Bridgecrest mentioned as the lienholder, lender, etc. of Carvana car purchases. There is evidence of obvious confusion as to who Bridgecrest is and who Carvana is: Not just in the SEC filings nor DriveTime 2024. See the supplemental report for more information with examples from¹²:

1. Court filings
2. Consumer complaints
3. Consumer online forums, social media.

Why we think BridgeCrest drives CVNA's Gain on sales

Gain on Sales are disclosed as big driver of earnings, but CVNA does not disclose how

High dependence and ramp up in Gain on Sales for CVNA's predecessor company, Ugly Duckling (before it became DriveTime) was a red flag, a precursor to decline in earnings. We are seeing both in the case of CVNA, as Gain on Sales have grown aggressively over the last few years¹:

CVNA: Adjusted EBITDA and Gain on Loan Sales (GoS)			
FY Dec 31 (\$mln)	2023	2024	9M 2025
Total revenues	10,771.0	13,673.0	14,719.0
Adjusted EBITDA	339.0	1,378.0	1,726.0
Adj EBITDA margin	3.1%	10.1%	11.7%
Gain on Loan Sales	434.0	755.0	878.0
GoS as % of Adj EBITDA	128.0%	54.8%	50.9%

But CVNA does not explain how they achieve their Gain on Sales. Yes, CVNA says it originates and soon after sells its receivables, booking a gain, but that is about saying as much as “we make money buying low and selling high.”

Gotham City Research believes Carvana's Gain on Sale is not a gain with real underlying economic substance; rather we believe Carvana sells loans to “third parties” (who may be related parties) at artificially inflated prices vs fair value, recognizes this difference as “gain on loan sales”, and BridgeCrest the servicer subsidizes the “third parties” in an amount equal or greater to these Gain on Sale amounts. Thus, we see the Gain on Sales as a clever way for DriveTime/Bridgecrest to subsidize Carvana. Carvana's gain, is Bridgecrest's pain.

Why we believe Carvana's Gain on Sales are driven by Bridgecrest servicing fee games

Carvana provides limited to no disclosure regarding its Gain on Loan Sales, even though it is the single largest component of its profits. CVNA and Bridgecrest are sister companies under common control and ownership, and Bridgecrest services all Carvana loans – an inherent conflict of interest. Thus, their owner, Ernie Garcia II could take a hit in one company, Bridgecrest, for the benefit of the other, Carvana. Gotham City Research believes the Garcias use Bridgecrest as servicer to help Carvana report bogus Gain on loan sales. In fact, we see a scheme that resembles what we see between GoFi and DriveTime (see the GoFi section for more details). Here are the facts that support our view:

1. Ally and Purchaser trusts pay servicing fee of 2.9% and 2.2% respectively in 2024, \$87.1 and \$84.5 million in fees. These figures can be calculated with the CVNA 10K & DEF14.
2. Undisclosed Third parties pay 0.12% in servicing fees, which amounts to \$10.4 million in 2024. it is unclear if these third parties are related parties. We are able to calculate this implied servicing fee with figures only found in the DriveTime 2024 Annual Report.
3. Third parties would pay \$133-\$177 million in fees, not \$10.4 million, If they paid servicing fees closer to market rates (which we believe Ally and Purchaser do in 2024).
4. The average maturity of Subprime auto loans is just over 5 years. 5 years of servicing fees for third parties would be $133-177 * 5 = \$667-\889 million in fees. CVNA reported \$755m of Gain on Loan Sales in 2024. We don't think it's a coincidence these amounts are similar.
5. What we are observing reminds us of the transactions between GoFi and DriveTime. GoFi sells loans to DriveTime and artificially generate Gain on Sales (nearly 100% of

Gofi's revenues). GoFi then uses those proceeds to pay DriveTime's expenses. Please see the GoFi Gain on Sale section for more details.

6. CVNA outright says not to assume its business dealings with its related parties are arm's length.

CVNA DEF14A reveals key Bridgecrest servicing related details not found in CVNA 10K

CVNA 10K 2024 provides limited information regarding fees that DriveTime (i.e., Bridgecrest) earns from servicing. However, CVNA's proxy statements, DEF14, provides a bunch of information not available in the 10K.

CVNA DEF14 reveals that Ally and Purchaser trusts pay the highest fee amounts in \$ terms²:

Master Purchase and Sale Agreement

In December 2016, we entered into a Master Purchase and Sale Agreement (the "MPSA") pursuant to which we sell finance receivables meeting certain underwriting criteria under a committed forward flow arrangement to certain independent financing partners, including Ally Bank and Ally Financial (the "Ally Parties") without recourse to the Company for their post-sale performance. On January 11, 2024, the Company and the Ally Parties amended the MPSA to reestablish the commitment by the Ally Parties to purchase up to \$4.0 billion of principal balances of finance receivables between January 11, 2024 and January 10, 2025. During the year ended December 31, 2024, we sold approximately \$3.0 billion in principal balances of finance receivables under the purchase and sale agreement. DriveTime is engaged as servicer of the receivables under the MPSA and had gross revenues of approximately \$87.1 million pursuant to the agreement for performing servicing functions for the year ended December 31, 2024.

Transfer Agreements

At various times throughout fiscal year 2024, we entered into 7 transfer agreements, pursuant to which we sold finance receivables meeting certain underwriting criteria to certain purchaser trusts in connection with the securitization of those finance receivables. Under these 2024 agreements, the purchaser trusts purchased an aggregate of approximately \$3.8 billion in principal balances of finance receivables.

The purchaser trusts of these securitizations engaged Carvana as the administrator of such trusts and DriveTime as servicer of the receivables. In the year ended December 31, 2024, DriveTime had gross revenues of approximately \$84.5 million for performing servicing functions under these and historical transfer agreements.

We calculate the servicing fee rates with the information provided from the DEF14³:

Carvana: Servicing Agreements with DriveTime (DT)			
FY End December	2024		
	DT servicing fee (\$mln)	DT Receivables amount (\$mln)	Implied servicing fee (%)
Carvana (CVNA)	6.4	612	1.046%
Third parties	10.4	8,888	0.117%
Ally Parties	87.1	3,000	2.903%
Purchaser trusts	84.5	3,800	2.224%
CVNA Credit facilities	3.7	0	n/a
Total	192.1	16,300	1.179%

Ally and Purchaser trust pay a higher rate than CVNA does. But what of Third parties?⁴

SERVICING AGREEMENTS WITH DRIVETIME

In December 2015, we entered into a servicing agreement (the "Servicing Agreement") with DriveTime, wherein DriveTime agreed to perform certain servicing and administrative functions with respect to automotive finance receivables we own after origination and before sale. In the year ended December 31, 2024, DriveTime had gross revenues of approximately \$6.4 million for performing servicing functions for such receivables.

In addition, DriveTime services loans that we have sold to third parties. For the year ended December 31, 2024, DriveTime had gross revenues of approximately \$10.4 million related to the servicing of such loans.

DriveTime 2024 AR reveals key details to calculate servicing fees % for third parties

The DriveTime 2024 annual report that contains critical information not found in Carvana filings.

- servicing and other revenue for 2024 = \$196.662 million. The sum of all disclosed servicing related fees in CVNA def 14 = \$192, quite similar.
- Additionally, DriveTime 2024 Annual Report discloses the total \$ amount of loans serviced, split by loans owned by DriveTime vs loans owned by third parties: *As of December 31, 2024, Bridgecrest serviced \$22.2 billion in loan principal balances, which consisted of \$5.9 billion in loan principal balances owned by Bridgecrest and \$16.3 billion in loan principal balances owned by third parties.*⁵
- Thus if we reduce \$16.3 billion – the loan amount Drivetime services third parties – by the sum of the amounts of loans disclosed in above table that DT services – we can then calculate the implied fee rate for third parties.

We calculate that Third parties pay 0.12% far lower than 1-3% for everyone else

As you can see in the table above, Third parties pay far less in servicing fee rate than everyone else. We think this is how CVNA structures transactions with third parties to book high Gain on Sale.

Whereby we calculate that CVNA's 2023 and 2024 Gain on Sale amounts are roughly equivalent to 5 years of reduced servicing fees. Here are supporting facts:

- If third parties were to pay market rates rather than the suspicious 0.12% rate, we calculate they would pay between \$197.6-\$258.0 million per year.
- 5 years of servicing fees at market rates = 666.6 – 888.8 million in total fees.
- CVNA's 2024 gain on sales amount sits between this range.

We think Carvana and Bridgecrest structured this loan sale transaction with third parties whereby:

1. CVNA sells the loans to third parties at a premium to fair value of the loans, whereby the premium minus fair value = the gain on loan sales.
2. CVNA in exchange directs Bridgecrest to de facto waive at least 5 years of servicing fees.
3. Win win.

This table below shows the \$ amounts that third party would at the respective fee rates. The second row show the total \$ amount over 5 years⁶:

For 2024	3.0%	2.5%	2.0%	1.5%	1.0%	0.5%
Annual (\$mln)	266.6	222.2	177.8	133.3	88.9	44.4
5 years worth (\$mln)	1,333.2	1,111.0	888.8	666.6	444.4	222.2

Carvana: Market based fee range calculation of CVNA and Third parties' Receivables amounts				
(\$mln)	2024			
DriveTime servicing fee for...	Receivables amount	Receivables' market based fee: Low end	Receivables' market based fee: High end	Receivables' market based fee: Average
CVNA	612	13.6	17.8	15.7
Third parties	8,888	666.6	888.8	777.7
Total	9,500	680.2	906.6	793.4

For 2023 and 2022, we deduce that total loan principal balance = sum of CVNA securitization transactions: as this \$16.3bln in loan principal balances owned by third parties” is very similar to

the total CVNA securitization transaction (disclosed in 10K) amounts from 2019 to 2024 (\$16.8bln is the sum total)⁷:

Carvana: Finance Receivable Balances							
FY Dec 31 (\$mln)	2018	2019	2020	2021	2022	2023	2024
Securitization Transactions	0.0	1,900.0	899.8	5,000.0	2,400.0	2,800.0	3,800.0

For 2022 and 2023, we also see that that CVNA and third parties pay a far lower servicing fee rate than other parties⁸:

Carvana: Servicing Agreements with DriveTime (DT)									
FY End December	2022			2023			2024		
DT servicing fee for...	DT Receivables servicing fee (\$mln)	Implied amount (\$mln)	Implied servicing fee (%)	DT Receivables servicing fee (\$mln)	Implied amount (\$mln)	Implied servicing fee (%)	DT Receivables servicing fee (\$mln)	Implied amount (\$mln)	Implied servicing fee (%)
Carvana (CVNA)	3.7	1,334	0.277%	3.7	807	0.458%	6.4	612	1.046%
Third parties	6.8	1,701	0.400%	4.5	5,238	0.086%	10.4	8,888	0.117%
Ally Parties	45.6	3,800	1.200%	72.4	3,600	2.011%	87.1	3,000	2.903%
Purchaser trusts	63.6	2,400	2.650%	65.0	2,800	2.321%	84.5	3,800	2.224%
CVNA Credit facilities	6.1	965	0.632%	8.8	555	1.586%	3.7	0	n/a
Total	125.8	10,200	1.233%	154.4	13,000	1.188%	192.1	16,300	1.179%

Carvana says don't assume its related party transactions are arm's length CVNA 10K⁹

We maintain a business relationship with DriveTime Automotive Inc. and other entities affiliated with our controlling stockholders for certain services and processes.

We maintain a business relationship with DriveTime, a related party due to the Garcia Parties' control and ownership of substantially all of the interests in DriveTime. We benefit from our relationship and a series of arrangements with DriveTime and its affiliates that cannot be assumed to have been negotiated at arm's length. We continue to periodically engage DriveTime, its affiliates, and other entities controlled by our controlling stockholder to provide us with certain services, including lease agreements and the administration of VSCs. DriveTime has also in the past and may in the future purchase or sell certain vehicles or automotive finance receivables from or to us. Finally, before and after we sell automotive finance receivables originated by us, DriveTime performs ongoing servicing and collections. There can be no assurance that DriveTime and the other affiliates will continue these arrangements on similar terms, or at all, and as a result our financial condition and results of operations may be adversely affected and historical costs may not always accurately reflect future costs and expenses.

Servicing fee rate disclosures validate our approach

The Servicing fee rates that Ally and Purchaser Trusts pay appear to be a blended average of servicing fee rates we found disclosed. Fees as low as 0.54% per annum¹⁰:

DEFINITIONS AND USAGE

SECTION 1.1 **Definitions.** Except as otherwise specified herein or as the context may otherwise require, capitalized terms used but not otherwise defined herein are defined in Part I of Appendix A to the Receivables Purchase Agreement, dated as of the date hereof (as amended, supplemented, or otherwise modified and in effect from time to time, the "Receivables Purchase Agreement"), by and between Carvana, LLC, as seller, and Carvana Receivables Depositor LLC. All references herein to "the Agreement" or "this Agreement" are to this Servicing Agreement as it may be amended, supplemented or modified from time to time, the exhibits and schedules hereto and the capitalized terms used herein, which are defined in Part I of such Appendix A, and all references herein to Articles, Sections and Subsections are to Articles, Sections or Subsections of this Agreement unless otherwise specified. The rules of construction set forth in Part II of such Appendix A shall be applicable to this Agreement.

"Servicing Fee Rate" means a per annum rate equal to 0.54%.

"Servicing Rate" means the Servicing Fee Rate or the Successor Servicing Fee Rate (Backup Servicer), as applicable.

"Successor Servicing Fee Rate (Backup Servicer)" means a per annum rate equal to 0.54%.

Servicing Agreement

Fees as high as 3.50%¹¹

(i)Percentage of the initial collateral pool balance. (ii)Percentage of the current collateral pool balance. (iii)Includes 3.50% for servicing and 0.02% for standby servicing fees. Pre-pricing for BLAST 2025-3 and post-pricing for all other series. BLAST--Bridgecrest Lending Auto Securitization Trust. DTAOT--DriveTime Auto Owner Trust. N/A--Not applicable.

GoFi, DriveTime, and the circular flow of money

The DriveTime 2024 financials reveal that DriveTime is in very fragile financial condition. Adjusted EBITDA doesn't cover interest expense in either 2023 nor 2024, it is levered 20x-40x, just to backstop a billion dollars in cash burn. This fragile construct drives CVNA earnings.

We obtained the GoFi 2024 Annual Report via FOIA request: it reveals that GoFi might be to DriveTime, what DriveTime is to CVNA: a vehicle to artificially overstated DriveTime's reported results. And also, GoFi too is audited by Grant Thornton, just like DriveTime and Carvana.

GoFi seems to serve multiple roles, but in this section, we focus on why we believe GoFi is used to overstate DriveTime results, and therefore indirectly subsidize CVNA. Why would Garcia use GoFi to do so, if he already has DriveTime?

We think DriveTime may have reached its limits, as leverage grew high in 2023/2024, so Garcia reactivated GoFi just in case, and has ramped up its activities as needed. There are two specific ways we believe GoFi boosts CVNA: (i) GoFi incurs costs/losses from Bridgecrest, to relieve some pressure off DriveTime, so DT can take more risk to subsidize CVNA (ii) GoFi works with Bridgecrest to help CVNA dump its toxic loans on GoFi/Bridgecrest's balance sheet.

This section focuses on:

1. Introducing GoFi as an undisclosed related party.
2. Like DriveTime, GoFi also burns cash from 2022-2024, even as CVNA generates cash.
3. Like DriveTime, GoFi doesn't seem to be operated as a standalone, for-profit company. goal is to subsidize the Garcia ecosystem, whereby the primary beneficiary is CVNA.
4. We estimate 2022-2024 total \$20-\$30 million in total subsidization of DriveTime.
5. This subsidization funded by Ernie Garcia capital contributions.
6. GoFi is presented as an AI play, but we don't see evidence of AI play in financial statements.
7. Nearly all of GoFi's revenue seems Gain on Sales to BridgeCrest.

GoFi "launches" in 2022, according to a Bridgecrest press release

In 2022: "Bridgecrest, one of the country's leading digital financial services providers, announced the launch of its newest affiliate, GoFi, an **AI-enabled, digital-first lending platform.**"¹

The 2022 article below states "GoFi is focused on offering its innovative white-label and co-branded auto finance solutions to **banks, lenders and other partners**"²:

<https://www.prnewswire.com/news-releases/bridgecrest-launches-gofi-to-create-digital-first-lending-platform-301616060.html>

GoFi is not an affiliate, but a related party

The Bridgecrest press release claims GoFi is an affiliate, but Drive Time and GoFi's 2024 annual reports refer to GoFi as a related party of DriveTime. This distinction matters: the DriveTime and GoFi filings reveal GoFi is NOT consolidated unto DriveTime (though as we show later, GoFi actually originally launched in 2011 as a subsidiary of DriveTime!).

GoFi is 100% owned by Ernest C Garcia II³:

Ownership

GoFi is a wholly-owned subsidiary of GO Capital Holdings, LLC ("GCH"). GCH is a wholly-owned subsidiary of SilverRock Holdings, LLC ("SRH"). SRH is wholly-owned by Oreno Holdings, LLC ("Oreno"), an entity beneficially owned by certain shareholders of Bridgecrest, BCC, and DriveTime Automotive Group, Inc. ("DriveTime").

No evidence of AI related revenue or spending in GoFi 2024 annual report

There is no mention of AI, Artificial intelligence in GoFi's annual report. There is no income, expense, asset or liability that appears in any way related to AI. Instead, nearly 100% of its activities in income statement are related party transactions⁴:

GoFi, LLC Statements of Operations		
	Years Ended December 31,	
	2024	2023
Revenue:		
Gain on sale of finance receivables ⁽¹⁾	\$ 7,185,702	\$ 1,876,468
Interest income	196,919	5,363
Total revenue	7,382,621	1,881,831
Costs and expenses:		
Operating expenses ⁽²⁾	16,961,139	11,557,776
Other expense	1,189,035	737,766
Total costs and expenses	18,150,174	12,295,542
Net loss	\$ (10,767,553)	\$ (10,413,711)

(1) Includes \$7,185,702 and \$1,876,468 for the twelve months ended December 31, 2024 and 2023, respectively, associated with related parties.
(2) Includes \$7,163,300 and \$4,291,518 for the twelve months ended December 31, 2024 and 2023, respectively, associated with related parties.

1. Revenue Includes \$7,185,702 and \$1,876,468 for the twelve months ended December 31, 2024 and 2023, respectively, associated with related parties.
2. Operating expenses Includes \$7,163,300 and \$4,291,518 for the twelve months ended December 31, 2024 and 2023, respectively, associated with related parties.
3. We note that the related party revenues and operating expenses are similar in amount.

Cash flow statement concerns: cash incinerator, backstopped by 'Member contribution'⁵

GoFi, LLC Statements of Cash Flows		
	Years Ended December 31,	
	2024	2023
Cash Flows from Operating Activities:		
Net loss	\$ (10,767,553)	\$ (10,413,711)
Adjustments to reconcile net loss to net cash used in operating activities:		
Purchase of finance receivables measured at fair value	(165,633,114)	(54,865,023)
Collections on finance receivable principal balances	992,227	341,182
Finance receivables principal sold ⁽¹⁾	167,553,902	49,390,076
Depreciation expense	901,424	414,531
Changes in assets and liabilities:		
Related party payables	758,036	(3,151,628)
Accounts payable and accrued expenses	4,878	2,584,239
Prepaid and other assets	102,894	(605,220)
Net cash used in operating activities	(6,087,306)	(16,305,554)
Cash Flows from Investing Activities:		
Purchases of property and equipment	(29,493)	(11,373)
Capitalization of internally developed software ⁽²⁾	(1,190,198)	(1,285,763)
Net cash used in investing activities	(1,219,691)	(1,297,136)
Cash Flows from Financing Activities:		
Member contribution	10,000,000	19,998,000
Member withdrawal	(164,046)	—
Net cash provided by financing activities	9,835,954	19,998,000

Cash flow statement is basically all related party action too: Capitalization of internally developed software 100% related parties: Includes \$(1,190,198) and \$(1,285,763) for the twelve months ended December 31, 2024 and 2023, respectively, associated with related parties.

GoFi boosts DriveTime reported results

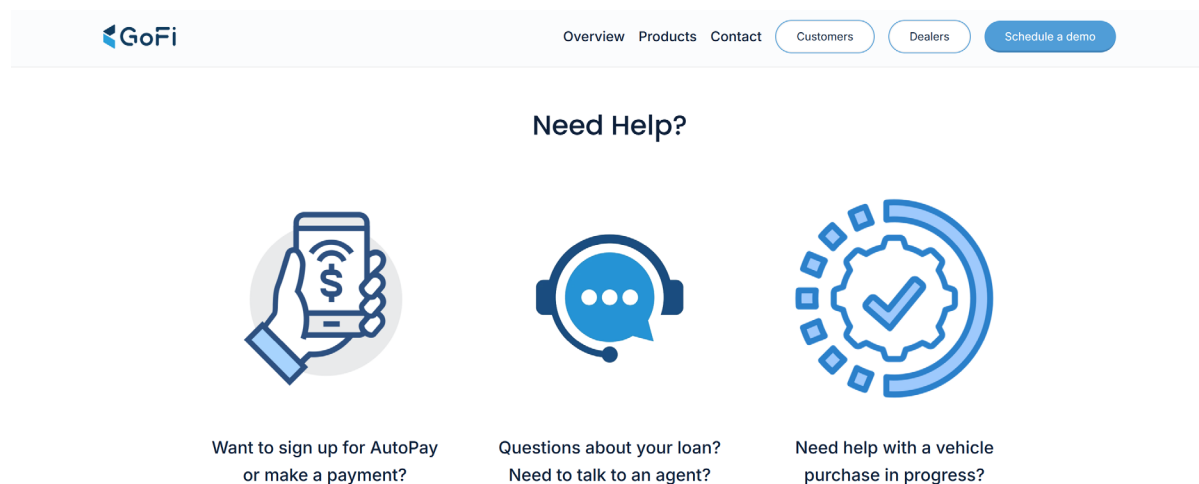
While it doesn't appear to be much, GoFi's related party transactions boost DriveTime's results (by absorbing costs). For example, in 2024 we estimate that without GoFi DriveTime would have reported \$30, not \$40 million net profit. And for 2023, an \$89 million loss instead of \$69 million loss⁶:

DriveTime net income adjusted for GoFi subsidization			
FY Dec 31 (\$mln)	2023	2024	Cumul. (2023-2024)
DriveTime net income [A]	-69.3	40.8	-28.5
Less: GoFi GoFi subsidization * [B]	20.0	9.8	29.8
DT net income - GoFi subsidization [A-B]	-89.3	31.0	-58.3

* Calculation is Member contribution + Member withdrawal.

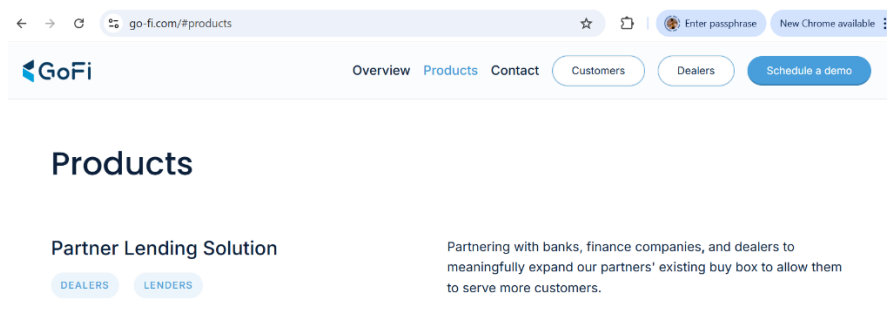
GoFi almost looks like an extension of DriveTime/Bridgecrest

Perhaps the fact GoFi was originally referred to as an affiliate of Bridgecrest is revealing; GoFi website appears tied to BridgeCrest. For example, if you select 'customers' on GoFi's website, 2 out of 3 links direct to Bridgecrest, and 1 out of 3 links is a dead end⁷:



- Want to sign up for AutoPay or make a payment? – click here, and it's a Bridgecrest URL⁸
- Questions about your loan? Need to talk to an agent? – click here, and it's Bridgecrest URL⁹
- Need help with a vehicle purchase in progress? – click here, and it's a defunct page¹⁰

The GoFi website is not up to the standard of a legit company, much less one operating in financial services, or in A.I. – there's no links nor anything beyond what you see below under 'Products'¹¹:



Bridgecrest and GoFi: evidence they act like one company

GoFi LLC shares many of the same top officers as Bridgecrest¹²:

- Ernie Garcia II ultimately owns 100% of GoFi LLC and Bridgecrest
- Mary Leigh Phillips is CEO of GoFi and Bridgecrest

Ernest C. Garcia II. Mr. Garcia has served as our Executive Chairman of the Board since 1992. Mr. Garcia served as our CEO from 1992 to 1999 and as our President from 1992 to 1996. Mr. Garcia has been the President of Verde Investments, Inc. since 1992. As our founder and former Chief Executive Officer, Mr. Garcia brings to his role as Executive Chairman of the Board an extensive understanding of the automobile sales and finance industry, which enables him to serve as a resource to our management team in their assessment and management of risks and development of overall corporate strategy.

Mary Leigh Phillips. Ms. Phillips has served as CEO of Bridgecrest and SilverRock since 2021. Ms. Phillips is currently on the DriveTime Board of Directors. Ms. Phillips started with DriveTime in July 2018 as CFO. Ms. Phillips also serves as CEO of GoFi, LLC, an affiliate of DriveTime. Prior to joining the Company, Ms. Phillips served as a Director for Asset Backed Finance specializing in Consumer Finance at Wells Fargo Securities, LLC. Ms. Phillips has more than 10 years of banking and capital markets experience working with captive and specialty finance companies while employed by Wells Fargo Bank, NA and Wells Fargo Securities, LLC. Ms. Phillips received her Bachelor of Science in Commerce with concentrations in Finance and Management and a minor in Economics from the University of Virginia.

- Daniel Gaudreau is CFO of DriveTime and GoFi
- Clay Scheitzach is General Counsel of both as well.

Daniel Gaudreau. Mr. Gaudreau has served as CFO of DriveTime since 2021. Mr. Gaudreau started at DriveTime in 2015, leading accounting and capital markets functions prior to becoming Treasurer in 2017. As Treasurer, Mr. Gaudreau oversaw treasury, capital markets, internal audit, and tax. Mr. Gaudreau also serves as CFO of GoFi, LLC, an affiliate of DriveTime. Mr. Gaudreau is currently on the board of directors of BlueShore Insurance Company, an affiliate of DriveTime. Prior to joining the Company, Mr. Gaudreau spent 9 years with Ernst & Young, LLP and Ernst & Young UK, LLP in various roles including serving as a Senior Manager in the firm's London based Capital Markets team. Mr. Gaudreau received his Bachelor of Science at the University of Maryland College Park.

Clay Scheitzach. Mr. Scheitzach has served as Executive Vice President, Secretary, and General Counsel of DriveTime since November 2017. Mr. Scheitzach also serves as Executive Vice President, Secretary, and General Counsel of GoFi, LLC, an affiliate of DriveTime. Mr. Scheitzach, served as a Senior Vice President, Assistant General Counsel, and Chief Compliance Officer for a large technology and business process services company, has more than 15 years' experience specializing in

- GoFi LLC shares same address as Bridgecrest

This April 2025 GoFi filing lists its mailing address as 1720 W Rio Salado Parkway, Tempe, AZ 85281¹³:

2025 FOREIGN LIMITED LIABILITY COMPANY ANNUAL REPORT

DOCUMENT# M11000004115

Entity Name: GOFI, LLC

Current Principal Place of Business:

15001 TRINITY BLVD.
FORT WORTH, TX 76155

Current Mailing Address:

1720 W RIO SALADO PARKWAY
TEMPE, AZ 85281 US

FEI Number: 45-2745914

Name and Address of Current Registered Agent:

CORPORATION SERVICE COMPANY
1201 HAYS STREET
TALLAHASSEE, FL 32301-2525 US

The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.

SIGNATURE:

Electronic Signature of Registered Agent

FILED

Apr 17, 2025
Secretary of State
0475590784CC

Certificate of Status Desired: Yes

Authorized Person(s) Detail :

Title MANAGER, AUTHORIZED MEMBER

Name GO CAPITAL HOLDINGS, LLC

Address 7465 E HAMPTON AVE

City-State-Zip: MESA AZ 85209

Title PRES.

Name PHILLIPS, MARY LEIGH

Address 1720 W RIO SALADO PARKWAY

City-State-Zip: TEMPE AZ 85281

Title TREASURER

Name GAUDREAU, DANIEL

Address 1720 W RIO SALADO PARKWAY

City-State-Zip: TEMPE AZ 85281

Title SEC.

Name SCHEITZACH, CLAY

Address 1720 W RIO SALADO PARKWAY

City-State-Zip: TEMPE AZ 85281

The same address is associated with Bridgecrest across multiple sources¹⁴:

Bridgecrest

Payment Options Customer Support

You have the right to reject this arbitration agreement, in which event neither you nor we will have the right to require arbitration of any disputes. Rejection of this arbitration agreement will not affect any other aspect of your contract. In order for you to reject this arbitration agreement, we must receive a signed writing ("Rejection Notice") from you within 30 days of the day you enter into the contract, stating that you reject the arbitration agreement. The Rejection Notice must include your name, address and Customer Number and must be mailed to us at: **Bridgecrest, 1720 W Rio Salado Parkway, Tempe, AZ 85281** or **privacy@bridgecrest.com**. Upon receipt of your Rejection Notice, we will refund your postage cost. If you reject this arbitration agreement, that will not constitute a rejection of any other arbitration agreement between you and us.

Bridgecrest

Payment Options Customer

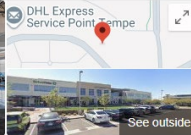
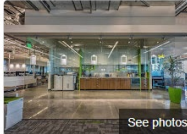
Contacting the Web Site and the Privacy Policy Coordinator

Compliance Team, 1720 West Rio Salado Parkway, Tempe, AZ 85281 or **privacy@bridgecrest.com**. Make sure to include enough information so that we can help you, such as your name, contact information, and the specific website, mobile site, application, and/or other service you are contacting us about.

BUSINESS SEARCH	
BUSINESS INFORMATION	
Business Name: Bridgecrest Credit Company, LLC	Control Number: 16006757
Business Type: Foreign Limited Liability Company	Business Status: Active/Compliance
NAICS Code: Finance and Insurance	NAICS Sub Code: All Other Nondepository Credit Intermediation
Principal Office Address: 7465 E Hampton Ave, Mesa, AZ, 85209, USA	Date of Formation / Registration Date: 1/25/2016
Jurisdiction: Arizona	Last Annual Registration Year: 2027
Principal Record Address: 1720 W Rio Salado Parkway, Tempe, AZ, 85281, USA	

Also, 1720 W Rio Salado Parkway, Tempe, AZ 85281 seems to be the DriveTime Corporate Office¹⁵:

Unique Site ID: 84-062-6691 - Archived Record	
Company Name:	Tradestyle:
Drivetime Automotive Group Inc	
Top Contact:	Title:
Restricted	Restricted
Street Address:	
1720 W Rio Salado Pkwy, Tempe AZ 85281	
Phone: Restricted	
URL: www.drivetime.com	



DriveTime Corporate Office
2.9 ★★★★★ 239 Google reviews ⓘ
Used car dealer in Tempe, Arizona

[Website](#) [Directions](#) [Reviews](#) [Save](#)

[Share](#) [Call](#)

Address: 1720 W Rio Salado Pkwy, Tempe, AZ 85281, United States

Clicking on any of the entity names above leads to an “Entity Info” page where the entity name is **GoFi LLC**. Names we’ve come across before are some of the listed managers (**Mary Leigh Philipps and Daniel Gaudreau**)¹⁶:

ENTITY INFORMATION

Search Date and Time: 11/28/2025 11:33:40 AM

Entity Details

Entity Name:	GOFI, LLC	Entity ID:	L16920530
Entity Type:	Domestic LLC	Entity Status:	Active
Formation Date:	7/8/2011	Reason for Status:	In Good Standing
Approval Date:	7/13/2011	Status Date:	7/13/2011
Original Incorporation Date:	7/8/2011	Life Period:	Perpetual
Business Type:	Any legal purpose	Last Annual Report Filed:	
Domicile State:	Arizona	Annual Report Due Date:	
		Years Due:	
Original Publish Date:	7/22/2011		

Statutory Agent Information

Name:	CORPORATION SERVICE COMPANY	Appointed Status:	Active 10/29/2018
Attention:			
Address:	7955 S Priest Dr., Suite 102, Tempe, AZ 85284, USA		
Agent Last Updated:	10/18/2023	E-mail:	
Attention:		Mailing Address:	7955 S Priest Dr., Suite 102, Tempe, AZ 85284, USA
County:	Maricopa		

Principal Information

Title	Name	Attention	Address	Date of Taking Office	Last Updated
Member	GO CAPITAL HOLDINGS LLC		7465 E Hampton Ave, MESA, AZ, 85209, Maricopa County, USA	2/7/2014	8/25/2021
Manager	Daniel Gaudreau		1720 W Rio Salado Parkway, TEMPE, AZ, 85281, Maricopa County, USA		8/25/2021
Manager	Mary Leigh Phillips		1720 W Rio Salado Parkway, TEMPE, AZ, 85281, Maricopa County, USA		8/25/2021
Manager	Clay Schetzach		1720 W Rio Salado Parkway, TEMPE, AZ, 85281, Maricopa County, USA		8/25/2021

Page 1 of 1, records 1 to 4 of 4

Address

Attention:

Address: 15001 Trinity Blvd, FORT WORTH, TX, 76155, USA

County: Tarrant

Last Updated: 10/18/2023

GoFi impact on DT interest expense coverage: DriveTime interest coverage as calculated and stated (latter just from 2022 onwards)¹⁷:

DriveTime: Ratio of adjusted earnings EBITDA to total interest expense ("Interest Coverage")									
FY Dec 31 (\$mIn)	2008	2009	2010	2011	2012	2013	2022	2023	2024
Adjusted earnings EBITDA	104.5	159.5	197.9	180.5	162.9	174.0	333.0	85.6	227.5
Total interest expense	97.1	110.7	98.1	73.1	73.1	75.1	88.4	159.5	235.9
Interest Coverage (calculated)	1.08x	1.44x	2.02x	2.47x	2.23x	2.32x	3.77x	0.54x	0.96x
Interest Coverage (stated)							3.8x	0.5x	1.0x

DriveTime interest coverage adjusted for GoFi subsidization for 2023 and 2024¹⁸:

DriveTime: Interest Coverage adjusted for GoFi subsidization			
	FY Dec 31 (\$mIn)	2023	2024
DriveTime Adjusted earnings EBITDA		85.6	227.5
Less: GoFi net member contribution / (withdrawal)		20.0	9.8
Adj earnings EBITDA - GoFi net member cont/(withdrawal)		65.6	217.7
Total interest expense		159.5	235.9
Implied Coverage ratio adjusted		0.41x	0.92x

Possible explanation as to why structured as related party, not subsidiary of Bridgecrest

Why would Ernie Garcia II originally refer to GoFi as an affiliate of Bridgecrest, but then structure the relationship as a related party (i.e., whereby they are under common ownership vis a vis Ernie Garcia II, but Drivetime/Bridgecrest doesn't own and therefore doesn't consolidate GoFi)? GoFi used to be a subsidiary of DriveTime, and thus used to be an affiliate.

However, we believe one advantage of this structure is that if Garcia II wants to subsidize DriveTime, doing so through GoFi is more elegant than injecting capital into DriveTime directly. If he injects capital directly, there are balance sheet and cash flow statement implications. However, if he subsidizes DriveTime via GoFi, those de facto contributions would help DriveTime's income statement.

In summary: It appears DriveTime buys loans at an artificial premium to GoFi's fair market value. With the gain on these loan sales, Gofi then contributes funds to DriveTime, which boosts DriveTime's income statement. Ultimately, we think the costs of these roundabout transactions are borne by BLAST and possibly Carvana creditors.

In the next section, we explain how GoFi's originations are suspect and remind us of Bridgecrest loans that were tied to Carvana. We then explain how GoFi's construct might be a blueprint for other related party schemes.

GoFi originations and its Gain on Sale are suspect

Why we believe Carvana is dumping loans onto GoFi, and about GoFi's Gain on Sales

As we have learned from Carvana and Bridgecrest filing disclosures, the absence of disclosure does not necessarily mean there's an absence of transaction. We believe GoFi was created (or more precisely, reactivated) because DriveTime/Bridgecrest was reaching limits on its ability to backstop CVNA in 2024 – 20x-40x leverage seems aggressive even by the standards of the Garcias, who even the most diehard and loyal bulls have said have been “aggressive”. Here are the reasons that support our view:

- GoFi sold loans to BridgeCrest. Disclosed and matching on both GoFi and DriveTime filings. Gofi, however, does not disclose who exactly it bought the loans from.
- GoFi is referred to as originator, in some of the loans found in BLAST sec submissions, yet there is no disclosure nor evidence of origination in GoFi's 2024 Annual Report.
- GoFi has been referred to explicitly as Carvana lender: *This company has a bunch of different names anybody else have a car with GOFI as lender ? They are all Same company with different names anybody else*¹
- GoFi and CVNA share the same lienholder addresses, according to multiple different sources, and true both in the past as well as the present.
- In some of these BLASTs, we have found Carvana appears as seller where GoFi is referred to as originator in BLAST securitizations (similar to what we found for BAC).
- No mention of GoFi in CVNA filings nor CVNA in GoFi in CVNA filings, despite a long history together for over 10 years, and despite the fact Garcia II owns 100% of GoFi.
- Although GoFi has been referred to as an affiliate of BridgeCrest (which would apply if it is consolidated under Bridgecrest/DriveTime), and there are many concrete signs they are de facto the same company, DriveTime and GoFi 2024 feelings reveal that GoFi is a related party, not affiliate, and thus not consolidated under Bridgecrest.
- Bridgecrest lends to and/or purchases finance receivables from cars CVNA sold. these transactions occurred, CVNA didn't disclose, thus we think they do same here with GoFi.

GoFi reports that it purchases and sells finance receivables in its 2024 annual report²:

GoFi, LLC Statements of Cash Flows		
	Years Ended December 31,	
	2024	2023
Cash Flows from Operating Activities:		
Net loss	\$ (10,767,553)	\$ (10,413,711)
Adjustments to reconcile net loss to net cash used in operating activities:		
Purchase of finance receivables measured at fair value	(165,633,114)	(54,865,023)
Collections on finance receivable principal balances	992,227	341,182
Finance receivables principal sold ⁽¹⁾	167,553,902	49,390,076
Depreciation expense	901,424	414,531
Changes in assets and liabilities:		
Related party payables	758,036	(3,151,628)
Accounts payable and accrued expenses	4,878	2,584,239
Prepaid and other assets	102,894	(605,220)
Net cash used in operating activities	(6,087,306)	(16,305,554)

Nearly 100% of GoFi Revenues are Gain on sales from the purchase and sale of finance receivables³:

GoFi, LLC Statements of Operations		
	Years Ended December 31,	
	2024	2023
Revenue:		
Gain on sale of finance receivables ⁽¹⁾	\$ 7,185,702	\$ 1,876,468
Interest income	196,919	5,363
Total revenue	7,382,621	1,881,831
Costs and expenses:		
Operating expenses ⁽²⁾	16,961,139	11,557,776
Other expense	1,189,035	737,766
Total costs and expenses	18,150,174	12,295,542
Net loss	<u>\$ (10,767,553)</u>	<u>\$ (10,413,711)</u>
<p>(1) Includes \$7,185,702 and \$1,876,468 for the twelve months ended December 31, 2024 and 2023, respectively, associated with related parties.</p> <p>(2) Includes \$7,163,300 and \$4,291,518 for the twelve months ended December 31, 2024 and 2023, respectively, associated with related parties.</p>		

Note how there is no mention of origination. We have not seen any mention of origination in the entire GoFi 2024 Annual Report.

Also, we note that this \$7.1 million gain on sale is calculated as the difference between total proceeds of \$174.7 million less \$167.6 million of finance receivables measured at fair value.⁴

NOTE 5 — RELATED PARTY TRANSACTIONS

Finance receivables measured at fair value

From time to time, GoFi may sell finance receivables measured at fair value to Bridgecrest. During the years ended December 31, 2024 and 2023, GoFi sold \$167.6 million and \$49.4 million, respectively, of finance receivables measured at fair value for total proceeds of \$174.7 million and \$51.3 million, respectively. See *Note 3 - Fair Value of Finance Receivables* for further discussion.

In its 2024 annual report, GoFi discloses that they sold these finance receivables to related party Bridgecrest. And it looks like BridgeCrest purchased these loans from GoFi at a premium to fair value. Maybe BridgeCrest is able and willing to overpay for these loans because GoFi subsidizes BridgeCrest costs (evidently where the subsidization is far greater than this gain on sale), as we explained in the prior section.

But who does GoFi purchase from? GoFi doesn't reveal the identity of who they buy from, instead using the all too familiar language that we have found on CVNA, DriveTime, and CVNA website: "Third party" dealers. When Grant Thornton audited companies – Carvana, DriveTime, and now GoFi – have said "third party" we have actually found cases it means "related party". There's also no mention of GoFi in CVNA filing, and no mention of CVNA in GoFi filing. We find this disclosure omission notable, given that we identified vehicles that Carvana sold that are classified as originated by GoFi in BLAST securitizations.

Carvana identified as seller where GoFi is referred to as originator in BLAST securitizations

In some of these BLASTs, we have found Carvana identified as seller of the vehicle where GoFi is referred to as originator in BLAST securitizations. Here is an illustrative example.

VinAudit report on 2016 Toyota Camry (VIN: 4T1BF1FK4GU568031) and its specifications⁵:

VEHICLE HISTORY REPORT
2016 Toyota Camry
VIN 4T1BF1FK4GU568031



Bridgecrest is detailed as the vehicle's lienholder⁶:

Date	Record Type	Details
NA	Lien Record	Lien Holder: Bridgecrest VIN: 4T1BF1FK4GU568031

Sale Records show Carvana as the seller. The latest "listed for sale" date is 2025-04-27, with a listing price of \$13,590⁷:

Sale Records

This section lists historical sale listings from available independent sources.

Source: VinAudit

Listed for sale: 2025-04-27
Carvana
University Park, IL

Listing Price
\$13,590

Vehicle Mileage:
120,701 miles

Listed for sale: 2025-04-22
Carvana
University Park, IL

Listed for sale: 2025-04-20
Carvana - Chicago
Chicago, IL

Listed for sale: 2025-04-17
Carvana - Chicago
Chicago, IL



This 2016 Toyota Camry with vehicle amount of \$13,590 is found in Bridgecrest's BLAST 2025-3. Within this file, the originator name associated with this row is GOFI⁸:

ns1:assetTypeNumber	ns1:assetNumber	ns1:reportingPeriodBeginningDate	ns1:reportingPeriodEndingDate	ns1:originatorName	ns1:originationDate
BAC	4233066	11-01-2025	11-30-2025	GOFI	04/2025
ns1:vehicleManufacturerName	ns1:vehicleModelName	ns1:vehicleNewUsedCode	ns1:vehicleModelYear	ns1:vehicleTypeCode	ns1:vehicleValueAmount
TOYOTA	Camry	2	2016	1	13590.00000000

It's not just in this example: GoFi is Referred to as 'originator' in BLAST for growing % of loans⁹:

GoFi originated loans: BLAST 2024-1 to BLAST 2026-1		
GOFI as the originator:	Origination Date:	
Origination year	No. of loans originated per year	Origination Date: % of total
2021	0	0.0%
2022	3	0.0%
2023	1,283	7.7%
2024	6,703	40.2%
2025	8,677	52.1%
2026	0	0.0%
Total	16,666	100.0%

But in GoFi Annual report 2024 no mention of origination activity. Contrasts this against DriveTime filing where there are many disclosures regarding its origination activities (but no disclosure regarding origination of loans for cars that Carvana sold).

GoFi and Carvana share the same addresses as lienholders

GoFi LLC and Carvana share same Lienholder address: State of Massachusetts records reveal that GoFi LLC and Carvana share the same Lienholder address. GoFi's mailing address is PO BOX 29002 / PHOENIX / AZ 85038¹⁰:

MassDOT-Registry of Motor Vehicles Division			
Lienholder Code List			
12/15/2025			
LIENHOLDER NAME	LH CODE	ELT	MAILING ADDRESS
GOFI LLC (FORMERLY KNOWN AS GFC LENDING)	C39544	ELT	PO BOX 29002 / PHOENIX / AZ 85038

Carvana's mailing address is also PO BOX 29002 / PHOENIX / AZ 85038¹¹:

CARVANA LLC	C42024	ELT	PO BOX 29002 / PHOENIX / AZ 85038
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21 November 2025 Texas Department of Motor Vehicles Registration and Title System lienholder list also reveals that GoFi and Carvana also show that they share the same address¹²:

GoFi address: PO Box 29002, Phoenix, AZ 85038

45274591400	GoFi, LLC	PO Box 29002	Phoenix	AZ	85038
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Carvana's own website says: *If you are financing with Carvana, the lien holder address is Carvana LLC: PO Box 29002, Phoenix, Az 85038*¹³:

SUPPORT CENTER > PURCHASING A CAR

What is the lien holder address for insurance purposes?

If you are financing with Carvana, the lien holder address is Carvana LLC: PO Box 29002, Phoenix, AZ 85038.

GoFi and Carvana and DriveTime: a long history together since 2011

GoFi is portrayed as if it were something new back in its 2022 PR by Bridgecrest. But in reality, GoFi has existed for a long time. GoFi launched in 2011 (GoFi has gone number the names CarFi LLC, GFC Lending LLC, Go Financial Company LLC, and GoFi)¹⁴:

In December 2011, as a supplement to our core operations, we launched a new indirect lending business segment, GO Financial ("GO"). GO provides indirect auto financing to third-party automobile dealerships collateralized by pools of subprime auto loans and is a separate operating segment.

GoFi is an indirect lender¹⁵:

Current Strategic Initiatives

Indirect Lending—GO Financial. In December 2011, we launched a new indirect lending line of business, GFC Lending LLC dba **GO Financial** ("GO Financial" or "GO"). GO provides subprime auto financing to third-party automobile dealerships. The third-party automobile dealerships originate retail installment sales contracts to finance purchases of vehicles by customers with demographics similar to DriveTime. GO enters into a dealer servicing agreement with each of the third-party automobile dealerships whereby, subsequent to verification of a qualifying customer loan, GO advances funds to the dealership through a non-recourse loan ("dealer advance"). Once originated, GO performs the loan servicing of both the dealer advance to the dealership and the underlying customer loan to the end customer. Another subsidiary of DT Acceptance Corporation ("DTAC"), DT Credit Company, LLC ("DTCC") serves as the servicer of the underlying customer loans, on behalf of GO. GO generally does not have recourse to the dealerships with respect to customer loan performance. GO has a secured interest in each customer loan and the underlying collateral (the vehicle) and receives priority repayment of customer loans from cash flows collected by GO from customers.

The amount of each dealer advance from GO to a dealership is dependent upon the vehicle, our credit rating of the dealership and the credit quality of the customer, and is a percentage of the amount financed. GO provides the third-party dealership with a credit scoring model and underwriting guidelines. The dealer advance amount generally ranges from sixty percent (60%) to eighty percent (80%) of the customer loan. The exact amount of each dealer advance from GO to the dealership varies from loan to loan, based on a predetermined set of risk characteristics. Each individual dealership builds discrete pools of loans and dealer advances are repaid by the dealerships based on cash flows collected by GO from the pool of underlying customer loans. Based on certain qualifications, GO offers a pool-closing advance, which provides dealers incentive to originate the minimum number of loans required to close a pool.

GoFi grew quickly in 2 years from 2011-2013, its balance sheet larger in 2013 than in 2024¹⁶:

	March 31, 2013			December 31, 2012		
	DriveTime	GO	Total	DriveTime	GO	Total
	(in thousands)					
Assets:	\$ 2,003,189	\$ 76,466	\$ 2,079,655	\$ 1,946,714	\$ 42,403	\$ 1,989,117
Liabilities:	\$ 1,592,176	\$ 1,441	\$ 1,593,617	\$ 1,520,866	\$ 698	\$ 1,521,564
Equity:	\$ 411,013	\$ 75,025	\$ 486,038	\$ 425,848	\$ 41,705	\$ 467,553

But then just 2 years later DriveTime sold GoFi to the shareholders of DriveTime. IT is also shown that GoFi purchased loans from Carvana¹⁷:

Relationship with GO

On December 5, 2013, DTAC entered into an agreement to sell GFC Lending, LLC ("GO") to the shareholders of DTAC. Transactions between GO and us, are described below.

Sale of Carvana loans

We have an agreement with GO, wherein GO purchases certain on-line generated installment sales contracts from us each month. The installment sales contracts are sold at par value with no associated gain or loss. The amount of loans purchased from us for the month ended December 31, 2013 was \$0.6 million.

GoFi has been referred to explicitly as Carvana lender:



Source: https://www.facebook.com/groups/610745439892680/posts/1524639308503284/?comment_id=1553352638965284

Accounting irregularities re: SilverRock & commissions

Accounting irregularities in Related party commissions (a big part of CVNA earnings)

As we have previously discussed, Carvana earnings are highly dependent on “Other Sales and Revenue”, which consists of disclosed related party income and Gain on Sales. The Disclosed related party income consists of related party commissions on ancillary products¹:

Other Sales and Revenues

Other sales and revenues include gains on the sales of finance receivables, commissions on VSCs, GAP waiver coverage, and other complementary products and interest income received on finance receivables prior to selling them to investors.

And these related party commissions consist of 100% gross margins²:

Other sales and revenues consist of 100% gross margin products for which gross profit equals revenue. Therefore, changes in gross profit and the associated drivers are identical to changes in revenues from these products and the associated drivers.

Hindenburg Research last year questioned the economics of these transactions, saying³:

Carvana Appears To Be Dumping Unreported Costs Of Extended Warranties Onto Related-Party DriveTime, Resulting In Artificially Inflated Revenue And Profitability. We Estimate Carvana Reports ~58% More Warranty Income Per Sale Due To An Overly Favorable Relationship With The Private Entity Controlled By Its CEO's Father”

Hindenburg did not possess the DriveTime 2024 Annual Report. Upon our review of these new sources of information, Gotham City Research believes there is indeed something off about these transactions. Specifically, we find both the implied economics as well as the accounting of them, highly suspect. Therefore, we believe one of Carvana’s most important sources of profits is not reliable. Here are the facts and observations supporting our opinions:

1. SilverRock and DT/BAC generate similar amounts of revenue from ancillary products but SilverRock’s cost of revenue is 2x Dr. This seems where value is extracted away from DT into CVNA. This confirms Hindenburg’s suspicion something is off.
2. We see accounting irregularities within the CVNA 10K 2024, regarding its Commission and other sales and revenue disclosures.
3. We also see accounting irregularities in reported Commission related party transaction figures, between the CVNA 2024 10K and DriveTime 2024 Annual Report.
4. Similar problems with Other ancillary services related party transactions.
5. Commissions balance sheet figures in DriveTime accounting irregularities.

SilverRock’s gross margins on ancillary products are 15% while for DriveTime, 55%

In the last few pages of the DriveTime 2024 Annual Report, DriveTime discloses a Supplementary financial statement that provides information from a segment/business entity perspective. With these numbers, we calculate profitability for Ancillary products (these are where the CVNA related party commissions come from). Even though SilverRock Group is the brand and corporate entity tied to these ancillary products, somehow DriveTime entity reports higher margins on them⁴:

2024 Ancillary product profitability analysis				
FY Dec 31 (\$mln)	Revenue	Costs	Gross Profit	GM (%)
SilverRock Group	315.2	267.5	47.7	15.1%
DT, BAC & Cons. Entries	281.1	127.6	153.5	54.6%
Total	596.3	395.1	201.2	33.7%

Figures from the prior table are from the below, shows that SilverRock's ancillary product cost of sales is more than double DriveTime/Bridgecrest's⁵:

DRIVETIME AUTOMOTIVE GROUP, INC. AND SUBSIDIARIES
Supplemental Consolidating Statement of Comprehensive Income
For the Year Ended December 31, 2024
(In thousands)

	SilverRock Automotive, Inc.	SilverRock Automotive of Florida, Inc.	SilverRock Automotive of Washington, Inc.	SilverRock Group, Inc. ⁽¹⁾ and Consolidating Entries	Consolidated SilverRock Group, Inc.	DriveTime Automotive Group, Inc., Bridgecrest Acceptance Corporation and Consolidating Entries	Consolidated DriveTime Automotive Group, Inc. and Subsidiaries
Revenue:							
Used vehicle sales revenue	\$ —	\$ —	\$ —	\$ —	\$ —	2,346,897	2,346,897
Ancillary product sales revenue	259,402	55,756	—	—	315,158	281,141	596,299
Interest income	—	—	—	26,231	26,231	496,936	523,167
Servicing and other revenue	—	—	—	261,049	261,049	(64,387)	196,662
Total revenue	259,402	55,756	—	287,280	602,438	3,060,587	3,663,025
Costs and expenses:							
Used vehicle cost of sales	—	—	—	—	—	2,011,103	2,011,103
Ancillary product cost of sales	214,034	53,460	—	—	267,494	127,634	395,128
Mark to fair value on finance receivables	—	—	—	—	—	276,764	276,764
Portfolio debt interest expense	—	—	—	—	—	233,407	233,407
Non-portfolio debt interest expense	—	—	—	—	—	2,444	2,444
Selling, general, and administrative expenses	31,035	2,229	—	200,894	234,158	407,292	641,450
Depreciation and amortization expense	1,302	—	—	4,721	6,023	31,907	37,930
Total costs and expenses	246,371	55,689	—	205,615	507,675	3,090,551	3,598,226
Net income (loss) before income taxes	13,031	67	—	81,665	94,763	(29,964)	64,799
Income tax expense (benefit)	2,371	17	—	17,593	19,981	3,994	23,975
Net income (loss)	\$ 10,660	\$ 50	\$ —	\$ 64,072	\$ 74,782	\$ (33,958)	\$ 40,824

COMMISSION paid to related party and other third parties are reflected in this ancillary product cost of sales line, as revealed in the DriveTime 2024 AR⁶:

Ancillary product cost of sales

The cost of Ancillary Products includes warranty expenses related to separately priced VSC contracts, GPS servicing costs, GAP claims, and commissions paid to a related party and other third parties, which are recorded to cost of sales when incurred.

Therefore, it seems the Garcias funnel income out of SilverRock and into Carvana, out of SilverRock's cost of sales, explaining why their Costs are double DriveTime/Bridgecrest's.

Commission and other don't match within CVNA 10K 2024

Sales commissions, earned from related parties, and at 100% gross margin, are a large portion of CVNA's reported profits. Given how important these numbers are to CVNA, it is concerning that these figures don't reconcile within CVNA 2024 10K: You'll see at the bottom of the exhibit below that the sales commissions on VSCs and reported related party revenues of 'other sales and revenue' don't match⁷:

Carvana: Other sales and revenue by component				
	FY Dec 31 (\$mIn)	2022	2023	2024 YTD 2025
Gain on Loan Sales		411.0	434.0	755.0 878.0
Sales commissions on complementary products: VSC		176.0	138.0	193.0 242.0
Master Dealer Agreement: Adjust excess reserve payment calcs		1.0	0.0	0.0 0.0
Plug/other/undisclosed		153.0	181.0	203.0 154.0
Reported Other sales and revenue		741.0	753.0	1,151.0 1,274.0
Sales commissions VSC + Adjust excess reserve payment calcs		177.0	138.0	193.0 242.0
Reported related party revenue portion in Other sales and revenue		176.0	145.0	200.0 248.0
<i>Difference</i>		<i>1.0</i>	<i>-7.0</i>	<i>-7.0 -6.0</i>

Commission related party transactions don't match between CVNA and DriveTime

Not only do these important figures not match within CVNA's 2024 10K, they don't match between CVNA and DriveTime's respective 2024 annual reports:

1. CVNA reports \$193, \$138, and \$176 million of commissions
2. DriveTime reports \$205, \$148, \$183 million but are reported as include on balance sheet.
3. DriveTime reports different figures as the amortized expense of these balance sheet items. But neither the amounts reported by DriveTime reconcile with CVNA's figures.

Disclosure in CVNA 10K 2024: Master Dealer Agreement with DriveTime for the sale and administration of Vehicle Service Contracts (VSCs). VSC Commissions earned by CVNA were \$193 million in 2024, \$138 million in 2023, and \$176 million in 2022. See below⁸:

Master Dealer Agreement

In December 2016, the Company entered into a master dealer agreement with DriveTime (the "Master Dealer Agreement"), most recently amended in April 2021, pursuant to which the Company may sell VSCs to customers purchasing a vehicle from the Company. The Company earns a commission on each VSC sold to its customers and DriveTime is obligated by and subsequently administers the VSCs. The Company collects the retail purchase price of the VSCs from its customers and remits the purchase price net of commission to DriveTime. The Master Dealer Agreement further allows the Company to receive payments for excess reserves based on the performance of the VSCs versus the reserves held by the VSC administrator, once a required claims period for such VSCs has passed. During the years ended December 31, 2024, 2023, and 2022, the Company recognized \$193 million, \$138 million, and \$176 million, respectively, of commissions earned on VSCs sold to its customers and administered by DriveTime, net of a reserve for estimated contract cancellations, and payments for excess reserves to which it expects to be entitled, which are included in other sales and revenues in the accompanying consolidated statements of operations.

Beginning in 2017, DriveTime also administers the Company's limited warranty provided to all customers. The Company pays a per-vehicle fee to DriveTime to administer the limited warranty included with every purchase. The Company incurred \$19 million, \$17 million, and \$18 million during the years ended December 31, 2024, 2023, and 2022, respectively, related to the administration of limited warranty.

Disclosure in DriveTime 2024: Master Dealer Agreement between SilverRock and CVNA. SilverRock pays Carvana commissions for the sale of SilverRock products, which are recorded as deferred acquisition costs. Commissions Paid to Carvana include \$205.3 million in 2024, \$148.5 million in 2023, and \$183.5 million in 2022. See below⁹:

Master dealer agreement between SilverRock and Carvana

SilverRock offers certain products that are primarily marketed and sold through Carvana pursuant to a master dealer agreement whereby Carvana sells SilverRock Products that SilverRock is obligated by and subsequently administers. Transactions pursuant to the master dealer agreement between Carvana and SilverRock are described below. Additionally, SilverRock administers the vehicle limited warranty of Carvana and Carvana's pre-sale vehicle repairs.

Deferred acquisition costs. Certain commissions are paid by SilverRock to Carvana in conjunction with Carvana selling SilverRock Products, which are deferred as a cost of acquiring the contract. The deferred acquisition cost, or commission paid, net of expected cancellations, is amortized to expense over the estimated life of the underlying customer contract in the same pattern as the revenue on SilverRock Products is recognized. During the years ended December 31, 2024, 2023, and 2022, the Company paid Carvana \$205.3 million, \$148.5 million, and \$183.5 million, respectively, in commissions which are included in deferred acquisition costs and other assets in the accompanying consolidated balance sheets. For the years ended December 31, 2024, 2023, and 2022, deferred acquisition expenses were \$166.4 million, \$150.0 million, and \$148.5 million, respectively, which are included in ancillary product cost of sales in the accompanying consolidated statements of comprehensive income.

Deferred acquisition costs and other assets balance sheet odd too

DriveTime accounts for these sales commissions both on its income statement and balance sheet. On DriveTime's consolidated balance sheet, this Deferred acquisition costs and other assets appears in the amount of \$540.2 million¹⁰:

DRIVETIME AUTOMOTIVE GROUP, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands)

	December 31, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents	\$ 24,323	\$ 16,398
Restricted cash and investments held in trusts	407,690	374,715
Investments in marketable securities	23,774	20,413
Finance receivables measured at fair value ⁽¹⁾	4,969,941	4,201,281
Vehicle inventory ⁽²⁾	480,555	408,159
Operating lease right-of-use assets ⁽³⁾	138,117	134,613
Property and equipment, net	96,508	113,266
Deferred acquisition costs and other assets ⁽⁴⁾	540,227	449,879
Shareholders' notes receivable	8,258	10,412
Total assets	<u>\$ 6,689,393</u>	<u>\$ 5,729,136</u>

The same asset appears in a separate Bridgecrest balance sheet, in the amount \$1.12 billion, more than double what appears in the consolidated balance sheet¹¹:

	Bridgecrest	
	December 31, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents	\$ 17,108	\$ 10,375
Restricted cash and investments held in trusts	406,716	372,487
Investments in marketable securities	23,774	20,413
Finance receivables measured at fair value ⁽¹⁾	4,969,941	4,201,281
Operating lease right-of-use assets	18,561	14,830
Property and equipment, net	23,706	34,864
Deferred acquisition costs and other assets ⁽²⁾	1,123,702	979,674
Shareholders' notes receivable	8,258	10,412
Total assets	<u>\$ 6,591,766</u>	<u>\$ 5,644,336</u>

Yes, the above table presents a summary of the assets and liabilities of Bridgecrest **before giving effect to the elimination of intercompany transactions**. If we look at the footnote 2 for the deferred acquisition costs and other assets, footnote 2 says¹²:

Includes \$541.2 million and \$476.3 million as of December 31, 2024 and December 31, 2023, respectively, of intercompany receivables from DriveTime Automotive Group, Inc.

But even if we reduce the \$1,123.7 million in Deferred acquisition costs and others by \$541.2 million of intercompany receivables, we are left with \$582 million. This \$582 million does not reconcile with the \$540 million on the consolidated balance sheet.

Even stranger, in the supplemental balance sheet, Deferred acquisition costs and other assets are minus \$373.228 million under DTAG/BAC¹³:

	SilverRock Automotive, Inc.	SilverRock Automotive of Florida, Inc.	SilverRock Automotive of Washington, Inc.	SilverRock Group, Inc. ⁽¹⁾ and Consolidating Entries	Consolidated SilverRock Group, Inc.	DriveTime Automotive Group, Inc., Bridgecrest Acceptance Corporation and Consolidating Entries	Consolidated DriveTime Automotive Group, Inc and Subsidiaries
ASSETS							
Cash and cash equivalents	\$ 7,712	\$ 50	\$ —	\$ 6,682	\$ 14,444	\$ 9,879	\$ 24,323
Restricted cash and investments held in trusts	—	200	200	73,598	73,998	333,692	407,690
Investments in marketable securities	—	—	—	23,774	23,774	—	23,774
Finance receivables measured at fair value	—	—	—	—	—	4,969,941	4,969,941
Vehicle inventory	—	—	—	—	—	480,555	480,555
Operating lease right-of-use assets	—	—	—	—	—	138,117	138,117
Property and equipment, net	2,579	—	—	6,719	9,298	87,210	96,508
Deferred acquisition costs and other assets	396,330	81,404	—	435,721	913,455	(373,228)	540,227

Other ancillary revenue activities: accounting regularities

Gotham City Research examined the accounting of 3 different sources of ancillary revenues:

1. Wholesale vehicle sales
2. Wholesale Marketplace
3. Reconditioning

And we checked the disclosures across CVNA 2024 10K, CVNA DEF14, and the DriveTime 2024 Annual Report. The wholesale vehicle sales figures match across all 3 different sources¹⁴:

Wholesale Vehicle Sales: Figure comparison					
Carvana 2024 10K (in \$mln)		Carvana DEF 14As (in \$mln)		DriveTime 2024 AR (in \$mln)	
2024 CVNA Revenue recognized	12.0	2024 CVNA Revenue recognized from DT	12.2	2024 DT purchases from CVNA	12.5
2023 CVNA Revenue recognized	10.0	2023 CVNA Revenue recognized from DT	9.8	2023 DT purchases from CVNA	10.5
2022 CVNA Revenue recognized	30.0	2022 CVNA Revenue recognized from DT	29.6	2022 DT purchases from CVNA	29.6

However, when it comes to Wholesale Marketplace and Reconditioning, they don't match. We find 3 sets of different disclosures for Wholesale Marketplace:

Wholesale Marketplace Revenues: Figure comparison					
Carvana 2024 10K (in \$mln)		Carvana DEF 14As (in \$mln)		DriveTime 2024 AR (in \$mln)	
2024 CVNA Revenue recognized	16.0	2024 CVNA Revenue recognized from DT	11.3	2024 Fees paid to CVNA	4.9
2023 CVNA Revenue recognized	9.0	2023 CVNA Revenue recognized from DT	8.0	2023 Fees paid to CVNA	3.6
2022 CVNA Revenue recognized	2.0	2022 CVNA Revenue recognized from DT	2.8	2022 Fees paid to CVNA	3.4
				... of which incl. in COGS (2024)	4.7
2024 COGS to DT related to reconditioning	2.0			... of which incl. in COGS (2023)	3.5
2023 COGS to DT related to reconditioning	<1.0			... of which incl. in COGS (2022)	1.2

We also find 3 sets of different disclosures for Reconditioning:

Retail Vehicle Acquisition & Reconditioning ("Recon") Services Agreements: Figure comparison					
Carvana 2024 10K (in \$mln)		Carvana DEF 14As (in \$mln)		DriveTime 2024 AR (in \$mln)	
2024 Inventory vehicles and recon services	0.0	2024 CVNA Revenue recognized from DT recon services	4.2	2024 DT payment for vehicle recon costs	4.5
2023 Inventory vehicles and recon services	<1.0	2023 CVNA Revenue recognized from DT recon services	0.8	2023 DT payment for vehicle recon costs	0.4
				... of which incl. in COGS (2024)	3.8
2024 COGS recognized re these vehicles	1.0	2024 CVNA Expenses recognized from DT recon services	2.7	... of which incl. in COGS (2023)	0.1
2023 COGS recognized re these vehicles	4.0	2023 CVNA Expenses recognized from DT recon services	0.5	... of which incl. in inventory (2024)	0.7
2022 COGS recognized re these vehicles	22.0			... of which incl. in inventory (2023)	0.3
		2024 CVNA expenses re DT vehicle purchase agreement	N/A		
		2023 CVNA expenses re DT vehicle purchase agreement	0.1	Adesa held \$Xmln of DT inventory (2024)	5.3
		2022 CVNA expenses re DT vehicle purchase agreement	2.3	Adesa held \$Xmln of DT inventory (2024)	8.4

We also want to find something we found particularly odd about reconditioning services: who paid who?

- CVNA says it paid DT - CVNA say its paid DT and that these costs for CVNA are reflected in COGs in the amounts of 1, 4 and 22 million.
- DT says it paid CVNA, but that it also was paid. The numbers don't reconcile with CVNA's.
- and the Carvana proxy presents something totally different.

Bridgecrest, servicing related Accounting irregularities

Bridgecrest is very important to Carvana, but we see accounting irregularities

Carvana earnings are highly dependent on related party income and Gain on Sales. We have explained why we believe Bridgecrest plays a critical role in boosting CVNA results far more than CVNA discloses. We have explained that we believe this happens in two different ways:

1. CVNA works with Bridgecrest to artificially generate Gain on Loan Sales from sale of finance receivables to third parties.
2. CVNA dumps bad loans onto Bridgecrest, and thus Bridgecrest's pain, is Carvana's gain.

What gives us additional confidence that Carvana and Bridgecrest are up to no good: we see accounting irregularities in Bridgecrest related figures and disclosures. Here is what supports our view:

1. The servicing revenue amounts disclosed in CVNA 2024 10K don't match the amounts disclosed in DriveTime's 2024 AR.
2. BridgeCrest financials servicing vs supplemental don't match.
3. BridgeCrest balance sheet figures don't match with consolidated or supplemental figures
4. The CVNA 10K understates the relationship, compared to the def14a filing.

Servicing revenues don't match between CVNA 10K and DT AR

The CVNA 10K 2024 states it paid DriveTime \$10, \$13, and \$10 million¹:

Servicing and Administrative Fees

DriveTime provides servicing and administrative functions associated with the Company's finance receivables. The Company incurred expenses of \$10 million, \$13 million, and \$10 million for the years ended December 31, 2024, 2023, and 2022, respectively, related to these services.

The DriveTime 2024 AR states it generated \$9.0, \$13.8, and \$10.0 million²:

Carvana servicing agreement

The Company has a servicing agreement with Carvana pursuant to which the Company has agreed to perform certain servicing and collections activities with respect to finance receivables Carvana owns after origination and before the sale of the finance receivables to third parties. For the years ended December 31, 2024, 2023 and 2022, the Company recorded \$9.0 million, \$13.8 million, and \$10.0 million in servicing revenue associated with this agreement, which are included in servicing and other revenue in the accompanying consolidated statements of comprehensive income.

The Company remits payments daily to Carvana with a one to two day processing period. As of December 31, 2024 and 2023, the Company had \$1.5 million and \$3.2 million, respectively, of collections payable to Carvana.

BridgeCrest acceptance Servicing and other revenue accounting irregularities

The DriveTime 2024 includes select income statement amounts for Bridgecrest Acceptance Corporation. According to the Bridgecrest income statement disclosures, Bridgecrest generated \$206.6 million in servicing and other revenue in 2024³:

Total revenues of Bridgecrest, consolidated into DTAG, were \$1.1 billion, \$917.4 million, and \$799.9 million for the years ended December 31, 2024, 2023, and 2022, respectively, and comprised primarily of (i) interest income of \$523.2 million, \$425.6 million, and \$329.5 million, respectively, (ii) ancillary revenue of \$348.5 million, \$322.9 million, and \$332.5 million, respectively, and (iii) servicing and other revenue of \$206.6 million, \$168.9 million, and \$137.8 million, respectively. Bridgecrest expenses, consolidated into DTAG, consisted primarily of the following for the years ended December 31, 2024, 2023, and 2022: (i) selling, general, and administrative expenses of \$370.5 million, \$339.0 million, and \$313.9 million, respectively, and (ii) interest expense of \$199.6 million, \$123.6 million, and \$86.9 million, respectively.

It's not clear how/why this \$206.6 million is larger than the consolidated total amount of \$196 million, given that the Bridgecrest income statement disclosures don't say they are before giving effect to elimination. After all, for the BridgeCrest, it is explicitly disclosed that the Bridgecrest balance sheet is before giving effect to elimination.


Even more bizarre: in the DriveTime supplemental financial statements, DriveTime Automotive Group, BridgeCrest Acceptance Corporation and Consolidating Entities report a MINUS \$64.4 million in servicing and other revenue⁴:

DRIVETIME AUTOMOTIVE GROUP, INC. AND SUBSIDIARIES
Supplemental Consolidating Statement of Comprehensive Income
For the Year Ended December 31, 2024
(In thousands)

	SilverRock Automotive, Inc.	SilverRock Automotive of Florida, Inc.	SilverRock Automotive of Washington, Inc.	SilverRock Group, Inc. ⁽¹⁾ and Consolidating Entries	Consolidated SilverRock Group, Inc.	DriveTime Automotive Group, Inc., Bridgecrest Acceptance Corporation and Consolidating Entities	Consolidated DriveTime Automotive Group, Inc. and Subsidiaries
Revenue:							
Used vehicle sales revenue	\$ —	\$ —	\$ —	\$ —	\$ —	2,346,897	\$ 2,346,897
Ancillary product sales revenue	259,402	55,756	—	—	315,158	281,141	596,299
Interest income	—	—	—	26,231	26,231	496,936	523,167
Servicing and other revenue	—	—	—	261,049	261,049	(64,387)	196,662
Total revenue	259,402	55,756	—	287,280	602,438	3,060,587	3,663,025

This amount clearly does not match \$206.6 million amount from the Bridgecrest income statement disclosures. This would seem to be a contradiction.

What's also strange is that the \$261 million under the "consolidated SilverRock Group" column doesn't match the \$206.6 million either. We don't know how or why, but in theory the SilverRock Group column may house Bridgecrest Credit ("BCC"), the servicing business, as the following shows that SilverRock Group is a member of BCC⁵:


ACC

Entity Name: BRIDGECREST CREDIT COMPANY, LLC

Entity ID: L15746685

Entity Type: Domestic LLC

Entity Status: **Active**

Formation Date: 12/30/2009

Reason for Status: [In Good Standing](#)

Approval Date: 1/15/2010

Status Date:

Original Incorporation Date: 12/30/2009

Life Period: Perpetual

Business Type: Any legal purpose

Last Annual Report Filed:

Domicile State: Arizona

Annual Report Due Date:

Original Publish Date: 2/3/2010

Years Due:

Statutory Agent Information

Name: CORPORATION SERVICE COMPANY

Appointed Status: Active 11/8/2018

Attention:

E-mail:

Address: 7955 S Priest Dr., Suite 102, Tempe, AZ 85284, USA

Mailing Address: 7955 S Priest Dr., Suite 102, Tempe, AZ 85284, USA

Agent Last Updated: 6/13/2023

County: Maricopa

Principal Information

Title	Name	Attention	Address	Date of Taking Office	Last Updated
Manager	CLAY SCHEITZACH		1720 W RIO SALADO PARKWAY, TEMPE, AZ, 85281, Maricopa County, USA	3/29/2018	6/14/2019
Manager	MARY LEIGH PHILLIPS		1720 W RIO SALADO PARKWAY, TEMPE, AZ, 85281, Maricopa County, USA	10/30/2018	11/8/2018
Manager	DANIEL GAUDREAU		1720 W RIO SALADO PARKWAY, TEMPE, AZ, 85281, Maricopa County, USA	10/30/2018	11/8/2018
Member	SilverRock Group, Inc.		1720 W Rio Salado Parkway, TEMPE, AZ, 85281, Maricopa County, USA	1/1/2021	8/23/2021

Page 1 of 1, records 1 to 4 of 4

But SilverRock Group is consolidated within Bridgecrest Acceptance, so BridgeCrest Credit should be included within Bridgecrest Acceptance⁶:

Also consolidated within our sister company, Bridgecrest, is SilverRock. SilverRock has a primary business of selling and administering ancillary products. SilverRock is also the administrator of our Ancillary Products. Currently, the ancillary products SilverRock sells are primarily marketed and sold through a related party of SilverRock as further discussed in *Note 11 — Related Party Transactions* to our consolidated financial statements included in this annual report.

There could be a convoluted explanation, reconciling these seeming contradictions. But given we suspect that Bridgecrest's servicing business plays a critical role in artificially boosting CVNA's profits via gain on loan sales (as we discussed), we are not surprised that these numbers don't make sense.

Bridgecrest balance sheet accounting irregularities

We examined the Bridgecrest balance sheet against the DriveTime consolidated balance sheet. The amounts mostly match between the two (even though the Bridgecrest balance sheet is presented before giving effect to the elimination of intercompany transactions)⁷:

1. Restricted cash – nearly matches
2. Finance receivables – match exactly
3. On the liabilities side: Portfolio term and Portfolio warehouse facilities all match

DRIVETIME AUTOMOTIVE GROUP, INC. AND SUBSIDIARIES Notes to Consolidated Financial Statements - (Continued)

Total assets of Bridgecrest, consolidated into DTAG as of December 31, 2024 and 2023, are comprised primarily of finance receivables measured at fair value and restricted cash and investments held in trusts. Total liabilities of Bridgecrest, consolidated into DTAG, are comprised primarily of portfolio term financings, deferred revenue and refund reserves, and portfolio warehouse facilities.

The following table presents a summary of the assets and liabilities of Bridgecrest before giving effect to the elimination of intercompany transactions that are consolidated into DTAG as of December 31, 2024 and 2023 in the accompanying consolidated balance sheets (in thousands):

	Bridgecrest	
	December 31, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents	\$ 17,108	\$ 10,375
Restricted cash and investments held in trusts	406,716	372,487
Investments in marketable securities	23,774	20,413
Finance receivables measured at fair value ⁽¹⁾	4,969,941	4,201,281
Operating lease right-of-use assets	18,561	14,830
Property and equipment, net	23,706	34,864
Deferred acquisition costs and other assets ⁽²⁾	1,123,702	979,674
Shareholders' notes receivable	8,258	10,412
Total assets	<u>\$ 6,591,766</u>	<u>\$ 5,644,336</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Payables and other accrued expenses	\$ 224,045	\$ 243,289
Operating lease liabilities	19,644	16,438
Deferred revenue and refund reserves	636,041	556,143
Portfolio term financings ⁽¹⁾	3,743,077	3,057,576
Portfolio warehouse facilities	511,008	400,277
Inventory and other debt facilities	—	7,930
Total liabilities	<u>\$ 5,133,815</u>	<u>\$ 4,281,653</u>
Bridgecrest Acceptance Corporation noncontrolling interest	1,457,632	1,362,242
Accumulated other comprehensive income	319	441
Total shareholders' equity	<u>1,457,951</u>	<u>1,362,683</u>
Total liabilities & shareholders' equity	<u>\$ 6,591,766</u>	<u>\$ 5,644,336</u>

- (1) Includes finance receivables measured at fair value of approximately \$4.1 billion and \$3.2 billion and portfolio term financings of approximately \$3.7 billion and \$3.1 billion as of December 31, 2024 and December 31, 2023, respectively, related to SPEs consolidated as VIEs by the Company.
- (2) Includes \$541.2 million and \$476.3 million as of December 31, 2024 and December 31, 2023, respectively, of intercompany receivables from DriveTime Automotive Group, Inc.

Deferred acquisition costs and other assets

But the \$1,123,702 of deferred acquisition costs and other assets on the Bridgecrest balance sheet (see prior page) doesn't match the amounts show in the below table⁸:

	SilverRock Automotive, Inc.	SilverRock Automotive of Florida, Inc.	SilverRock Automotive of Washington, Inc.	SilverRock Group, Inc. ^(b) and Consolidating Entries	Consolidated SilverRock Group, Inc.	DriveTime Automotive Group, Inc., Bridgecrest Acceptance Corporation and Consolidating Entries	Consolidated DriveTime Automotive Group, Inc and Subsidiaries
ASSETS							
Cash and cash equivalents	\$ 7,712	\$ 50	\$ —	\$ 6,682	\$ 14,444	\$ 9,879	\$ 24,323
Restricted cash and investments held in trusts	—	200	200	73,598	73,998	333,692	407,690
Investments in marketable securities	—	—	—	23,774	23,774	—	23,774
Finance receivables measured at fair value	—	—	—	—	—	4,969,941	4,969,941
Vehicle inventory	—	—	—	—	—	480,555	480,555
Operating lease right-of-use assets	—	—	—	—	—	138,117	138,117
Property and equipment, net	2,579	—	—	6,719	9,298	87,210	96,508
Deferred acquisition costs and other assets	396,330	81,404	—	435,721	913,455	(373,228)	540,227

It's also not clear how the minus \$373.2 million in Deferred acquisition costs and other assets works, especially since income statement shows real amounts for ancillary product cost of sales⁹:

	SilverRock Automotive, Inc.	SilverRock Automotive of Florida, Inc.	SilverRock Automotive of Washington, Inc.	SilverRock Group, Inc. ^(b) and Consolidating Entries	Consolidated SilverRock Group, Inc.	DriveTime Automotive Group, Inc., Bridgecrest Acceptance Corporation and Consolidating Entries	Consolidated DriveTime Automotive Group, Inc and Subsidiaries
Revenue:							
Used vehicle sales revenue	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,346,897	\$ 2,346,897
Ancillary product sales revenue	259,402	55,756	—	—	315,158	281,141	596,299
Interest income	—	—	—	26,231	26,231	496,936	523,167
Servicing and other revenue	—	—	—	261,049	261,049	(64,387)	196,662
Total revenue	259,402	55,756	—	287,280	602,438	3,060,587	3,663,025
Costs and expenses:							
Used vehicle cost of sales	—	—	—	—	—	2,011,103	2,011,103
Ancillary product cost of sales	214,034	53,460	—	—	267,494	127,634	395,128

Bridgecrest cash

BridgeCrest Acceptance Corp – Cash and cash equivalents of \$17,108 doesn't match the of \$9,879 of cash for DriveTime Automotive Group, Inc., Bridgecrest Acceptance Corporation and Consolidating Entries in the below table¹⁰:

DRIVETIME AUTOMOTIVE GROUP, INC. AND SUBSIDIARIES
Supplemental Consolidating Balance Sheet as of December 31, 2024 (In thousands)

	SilverRock Automotive, Inc.	SilverRock Automotive of Florida, Inc.	SilverRock Automotive of Washington, Inc.	SilverRock Group, Inc. ^(b) and Consolidating Entries	Consolidated SilverRock Group, Inc.	DriveTime Automotive Group, Inc., Bridgecrest Acceptance Corporation and Consolidating Entries	Consolidated DriveTime Automotive Group, Inc and Subsidiaries
ASSETS							
Cash and cash equivalents	\$ 7,712	\$ 50	\$ —	\$ 6,682	\$ 14,444	\$ 9,879	\$ 24,323
Restricted cash and investments held in trusts	—	200	200	73,598	73,998	333,692	407,690
Investments in marketable securities	—	—	—	23,774	23,774	—	23,774

This would imply that DTAG cash = negative, Or that the BAC cash portion is included into the DTAG/BAC consolidation, and the remainder is actually in SilverRock Group. If either of these possibilities are correct, this further validates our view that DriveTime doesn't appear to be run as an independent for profit enterprise, as the implied cash for DriveTime would be absurdly low.

Grant Thornton: auditor for Tricolor, CVNA, & DriveTime

Why we believe Grant Thornton is in a lot of trouble

Grant Thornton was the auditor of Tricolor – Carvana’s peer that recently went bankrupt and where there was a multi-year fraud.¹ Following an initial 2022 audit by another firm (Crowe) that raised concerns, Tricolor hired Grant Thornton to vet its 2023 and 2024 accounts. Like Carvana, Tricolor was a one stop shop – sold cars, financed them, and serviced them. Tricolor became one of the largest in the country. Yet as the DOJ complaint alleges, there was falsifying auto-loan data and ‘double pledging’ collateral²:

*“As alleged in the indictment, CEO Daniel Chu was the leader of an elaborate scheme to defraud creditors of Tricolor,” said U.S. Attorney Jay Clayton. “At his direction, Tricolor repeatedly lied to banks and other credit providers, including by **falsifying auto-loan data and ‘double pledging’ collateral.**”*

Grant Thornton is also the auditor for Carvana, DriveTime, and GoFi LLC. Although they aren’t the same companies, they are under common control, and there are material related party transactions between them.

Gotham City Research believes Grant Thornton and Carvana are in trouble in the following ways:

- Grant Thornton will resign or be terminated as the auditor for the Garcia companies, including Carvana, DriveTime, or GoFi.
- Carvana and DriveTime’s reported figures and disclosures will be found to be deficient, and thus will be required to restate past financial statements.
- Carvana, DriveTime, and GoFi’s 2025 annual reports will be delayed.
- The SEC will intensify its on-going scrutiny of Carvana, leading to enforcement action.

Here are the reasons we believe Grant Thornton and Carvana are in trouble:

- Accounting irregularities within each and between the Carvana and DriveTime 2024 Annual Reports.
- Key material omissions of fact/disclosures as explained in this report.

CVNA disclosed that they received a SEC subpoena in June 2025³

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in various claims, legal actions, and government inquiries. Although the results of litigation, claims, and inquiries cannot be predicted with certainty, we do not believe that the ultimate resolution of these actions will have a material adverse effect on our financial position, results of operations, liquidity and capital resources.

In January 2025, a now-defunct short-selling firm published a report including inaccurate, incomplete, and otherwise misleading information about us. We engaged outside legal counsel to independently evaluate the allegations, and voluntarily contacted the U.S. Securities and Exchange Commission (“SEC”). Based upon that evaluation and our own review, we reaffirmed our conclusion that the allegations raised in the short-seller’s report were inaccurate, incomplete, and misleading. In June 2025, we received a subpoena from the SEC requesting information that we believe primarily relates to the allegations raised by the report. We are fully cooperating with the SEC Staff.

The wheels of justice turn slowly, but grind exceedingly fine.

CVNA shares uninvestable, accident waiting to happen

Why we believe shares are uninvestable, as it can face sudden and permanent impairment

Overall, we believe that Carvana's shares are uninvestable and have a far higher chance of being worth zero than the market currently believes. The reason for this is that we see this related party construct as an accident that is waiting to happen for the following reasons:

- Leverage – both disclosed and hidden, as we discussed in this report.
- Toxic and illiquid assets backing this leverage.
- Accounting irregularities, disclosure omissions, suspicious related party transactions, and, conflicts of interest. Trust is foundational to credit, yet we see many reasons to distrust the Garcia ecosystem, as we explained in this report.
- Complexity and interconnectedness between parties that are suspicious and levered.

While we have identified many factors that are quantifiable in this report, in most cases we never uncover ALL the schemes, in situations like these. It could be anything to trigger a collapse. Here are some things that could act as the proverbial needle that breaks the Camel's back:

- CVNA, DriveTime, and GoFi's auditor Grant Thornton resigns, delays the CVNA 2025 10K.
- The SEC intensifies scrutiny, and other agencies investigate Carvana and DriveTime.
- Carvana or Bridgecrest creditors ability or willingness to fund these businesses or securitizations declines or ceases, because of reasons identified in this report, market conditions, or other factors.

We believe it takes very little to trigger a series of events that lead to a permanent impairment of value of CVNA shares.

Why we believe shares are worth \$100-\$186, implying -61%-79% downside

Absent the risk of an accident, we lay out our scenarios on how investors might value shares of Carvana, should our assumptions prove correct.

We run two scenarios¹:

(a) Scenario 1: we adjust the EBITDA of Carvana for the subsidy from DriveTime, as well as haircut Carvana's growth profile, given we believe that DriveTime supports Carvana's growth by absorbing bad loans from CVNA car sales, thus enabling Carvana to grow and capture the seemingly risk-free upside of the car while transferring the actual risk onto DriveTime.

(b) a scenario where we exclude all related party EBITDA as well as gain on sale profits from Carvana's EBITDA – as we see Gain On Sales as also linked to Drivetime. We then apply a more modest 22x EBITDA multiple, which is inline with the current S&P 500 multiple, even though the case could be made that S&P500 as a whole contains higher quality businesses than CVNA.

	Valuation	Related Party only (\$mln)	Related Party and Gain on Sale (\$mln)
CVNA market valuation			
CVNA Enterprise Value [A]		104,557.8	104,557.8
CVNA Reported net debt as at Q3 2025 [B]		3,061.0	3,061.0
CVNA Adj EBITDA: 2025 consensus [C]		2,256.9	2,256.9
CVNA EV / Adj EBITDA multiple [D=A/C]		46.3x	46.3x
Adjusting CVNA valuation for related parties and/or gain on sale			
Growth of CVNA Revenues: 2026 consensus [J]		27.8%	
% of growth attributable to DT/BLAST [I]		33.0%	
GCR growth expectations if DT/BLAST arms length [K=J*(1-I)]		18.6%	
AN US: 2026e growth consensus [L]		2.5%	
KMX US: 2026e growth consensus [M]		0.5%	
AN and KMX average growth expected 2026 [N=((L+M)/2)]		1.5%	
AN US: EV / EBITDA multiple 2025 consensus [O]		10.8x	
KMX US: EV / EBITDA multiple 2025 consensus [P]		9.0x	
AN and KMX average growth multiple [Q=((O+P)/2)]		9.9x	
GCR Adjusted EBITDA multiple [R]		33.6x	21.5x
GCR CVNA Adj EBITDA 2025e [G]		1,256.9	1,130.7
GCR implied growth adjusted CVNA Enterprise Value [S=R*G]		42,273.8	24,309.3
CVNA Reported net debt as at Q3 2025 [B]		3,061.0	3,061.0
CVNA implied Market cap [T=S-B]		39,212.8	21,248.3
CVNA current market cap [U]		100,349.8	100,349.8
CVNA share price potential downside		-61%	-79%

In our “Related Party Only” scenario, we haircut the consensus 2025 EBITDA by \$1bn, which is the estimate we infer from our work above that DriveTime subsidizes Carvana’s EBITDA by. Further, we also haircut the growth of Carvana, as we believe that DriveTime’s absorption of Carvana low quality lending helps spur Carvana’s growth – in the end subprime car selling is more a lending business than a car retailing business in our opinion. This reduced growth naturally leads to a lower EBITDA multiple for the company, which we estimate by interpolating Carvana’s existing multiple and growth rate for 2026, and the growth rates and multiples of its peers, CarMax and Auto Nation. In this case we see 61% downside to Carvana shares.

In our “Related Party and Gain on Sale” scenario, we annualize Carvana’s 9-month EBITDA excluding related party and Gain on Sale calculated above, which leads to a slightly lower EBITDA than in the prior scenario. Further, given the issues Carvana will be facing in a more stringent scenario with higher earnings haircuts we also assume a lower multiple, in line with the S&P500’s current estimated 21.5x EV / EBITDA multiple. This leads to a downside of nearly 80%.

As mentioned above, none of these scenarios contemplate any part of the financing waterfall supporting Carvana’s earnings and revenues will be impaired, and we believe this is a likely scenario, given the multitude of points of breakage across the Garcia group. This is why we believe actual downside is highly likely to be greater than the exercise in quantification we have portrayed above.

End Notes

Introduction

1. Bloomberg news story dated 8th January 2026 reported the following:

Carvana's acquisition of another new car dealership last month in an early adopting robotaxi metro area is a signal that the company is "readily expanding" its total addressable market, Morgan Stanley writes, boosting its bull case on the stock to \$750 from \$700.

Analyst Daniela Haigian notes that Carvana made four new Chrysler, Dodge, Jeep, and Ram dealer acquisitions last year, all in early-adopting robotaxi metro areas of Phoenix, Dallas, San Diego and Atlanta

"The strategic expansions, albeit small at this stage, are supportive of our robotaxi optionality thesis by expanding physical infrastructure in optimal autonomous vehicle metro areas," Haigian writes

"We also believe it signals to investors that the company is readily exploring expanding the total addressable market into new car and parts & service, where it already has expertise"

She notes the potential for a partnership with Waymo for megafleet services in metro areas where Waymo has no operational partner and where Carvana already has physical infrastructure within a 10-mile radius of city center; there's also potential partnerships with other autonomous vehicle providers, excluding Tesla

Haigian writes that she's building a new robotaxi model for the company

"It's time for investors to consider a total addressable market beyond used cars," she said

2. CVNA filings and presentations.

3. Sources include:

https://www.reddit.com/r/stocks/comments/1phs4pg/carvana_cvna_is_highly_fraudulent/?utm_source=chatgpt.com

<https://hindenburgerresearch.com/carvana/>

<https://x.com/silberschmelzer/status/1983724463129797101>

https://x.com/blue_chip1/status/2000446431929536825

4. <https://x.com/MinotaurStocks/status/2014764757782561055>

5. <https://www.reuters.com/business/first-brands-tricolor-collapses-invite-more-scrutiny-wall-street-sees-robust-2025-10-14/>

6. Cliff Sosin comments during a podcast:

<https://open.spotify.com/episode/5ZFIZ2J9uZ0VgOlcZdKuaS>

Question: *Is there another business that comes to mind, maybe it's Amazon, that you think captures all these same things that has interested you through time just to like draw a comparative point for people?*

Cliff Sosin: *I actually love the comparison to Amazon. the analogy to to Amazon actually I think is is apt.*

DriveTime Debt issuances drive Carvana profits

1. <https://reboundcapital.substack.com/p/carvana-turnaround-story>
2. RV Capital 12 January 2023 letter:
Where did Carvana go wrong then? It is difficult to say from the outside, especially as the situation continues to develop, but my sense is that the company was simply too aggressive. It went hell-for-leather in virtually every aspect of its business. This is most obvious in its financial structure where it used too much debt. It is also apparent in its operations: it tried to carry almost every type of car in inventory, it extended its logistics network into nearly every corner of the US, and it provided financing for nearly every type of customer. As a counterpoint, CarMax, in over 30 years of operations still only provides financing to prime customers, outsourcing subprime customers to third parties. A more cautious approach would have been to start with a narrow range of inventory, markets, and customers and, having profitably scaled in one niche, gradually expand outwards.
3. <https://www.slideshare.net/secret/GwSaBo7Vt9cMqN>
4. <https://www.slideshare.net/secret/GwSaBo7Vt9cMqN>
5. <https://www.bloomberg.com/news/articles/2025-12-05/carvana-crh-and-comfort-systems-to-join-s-p-500-in-rebalancing>
6. CVNA 2024 10-K states “Other sales and revenues are 100% gross margin products for which gross profit equals revenue”.
7. Gotham City Research analysis. ‘GCR estimate for related party benefit’ is DriveTime’s ‘Net cash (used in) provided by operating activities’ (which were both negative numbers in 2023 and 2024).
8. Gotham City Research analysis.

We think CVNA related party reliance 3x > reported

1. <https://investors.carvana.com/~media/Files/C/Carvana-IR/reports-and-presentations/introduction-to-carvana-v1.pdf>
2. <https://investors.carvana.com/news-releases/2017/04-28-2017-043036860#:~:text=The%20shares%20are%20expected%20to,subject%20to%20custo mary%20closing%20conditions>
3. Cliff Sosin comments during a podcast:
<https://open.spotify.com/episode/5ZFIZ2J9uZ0VgOlcZdKuaS>
Cliff Sosin: *As to Ernie, I think, you know, at the risk of inflating his ego, I, I think that someday people will compare Jeff Bezos to Ernie Garcia, not the other way around. He's extraordinary, right?*
4. <https://www.latimes.com/archives/la-xpm-1990-10-31-fi-3371-story.html>
5. <https://www.forbes.com/forbes/2001/1126/082.html>
6. <https://www.forbes.com/forbes/2001/1126/082.html>

7. <https://www.forbes.com/profile/ernest-garcia-ii/>
8. Gotham City Research analysis. Sources used to create the table include:
<https://highyieldharry.beehiiv.com/p/the-carvana-case-study>
<https://www.bloomberg.com/news/articles/2017-06-06/cars-in-vending-machines-a-fading-ipo-and-an-ex-con-behind-them>
<https://www.encyclopedia.com/books/politics-and-business-magazines/ugly-duckling-corporation>
<https://www.forbes.com/sites/nathanvardi/2017/12/18/how-an-ex-con-became-a-billionaire-from-used-cars/>
<https://www.bizjournals.com/phoenix/stories/2002/08/26/daily43.html>
<http://www.nexis.com/docview/getDocForCuiReq?lni=44YY-28G0-010F-K0WD&csi=8399&oc=00240&perma=true>
<https://www.sec.gov/Archives/edgar/data/1690820/000119312517106717/d297157ds1.htm#:~:text=The%20consolidated%20financial%20statements%20of,2014%20at%20the%20historical%20basis.>
<https://investors.carvana.com/news-releases/2017/04-28-2017-043036860>
<https://longbridge.com/en/news/270751024> <https://www.theglobeandmail.com/investing/article-from-bankruptcy-fears-to-sp-500-carvana-outvalues-detroit-giants/>
<https://www.inc.com/tekendra-parmar/carvana-joins-sp-500/91275807>
9. Gotham City Research analysis of DriveTime filings. The 'Adjusted EBITDA' figures are as follows: "Adjusted EBITDA" from 2008 to 2010, "Recurring Adjusted EBITDA" from 2011 to 2013. RoA is calculated as: Net Income / Total Assets. RoE is calculated as: Net Income / Total equity. In the Cumulative column, the RoA and RoE figures represent the average values from 2008 to 2013. 'CFO' is the reported "Net cash provided by (used in) operating activities."
10. Gotham City Research analysis of DriveTime 2024 Annual Report. The 'Adjusted EBITDA' row is the company's "Adjusted earnings EBITDA". RoA is calculated as: Net Income / Total Assets. RoE is calculated as: Net Income / Total equity. In the Cumulative column, the RoA and RoE figures represent the average values from 2022 to 2024. We assume that the 2022 Total assets and Total equity figures are the same as 2023, due to lack of information in the DriveTime 2024 filing. 'CFO' is the reported "Net cash provided by (used in) operating activities."
11. DriveTime 2024 Annual Report.
12. Gotham City Research analysis of DriveTime and Carvana filings. FCF is calculated as: CFO less capex ("purchase of P&E") for both companies.
13. Gotham City Research analysis of Carvana filings.
14. Gotham City Research analysis of DriveTime filings. The 'Adjusted EBITDA' figures from the DriveTime filings are the following: "Adjusted EBITDA" from 2008 to 2010, "Recurring Adjusted EBITDA" from 2011 to 2013, and "Adjusted earnings EBITDA" from 2022 to 2024. For the years 2008 to 2013, DriveTime does not report Adjusted EBITDA excluding

the add back for portfolio debt interest expense, so we calculate this as: Adjusted EBITDA less Portfolio Debt Interest expense.

15. Gotham City Research analysis of Carvana filings. The YTD 2025 column is as at Q3 2025. The ‘% of income from related parties and Gain on Sales’ is calculated as: (Gain on Loan Sales + Related party sales: Other sales and revenues + Related party sales: Wholesale sales and revenues) / Adjusted EBITDA.
16. Ernie Garcia III during CVNA’s Q3 2025 earnings call held in October 2025: *With constantly evolving technology, constantly evolving customer preferences and expectations, and an ambitious group of thoughtful people, new opportunities emerge faster than we are able to take advantage of the ones we previously saw. With AI, this is more true today than it has ever been. The future is bright. Selling 3 million cars per year with 13.5% adjusted EBITDA margins in 5, 10 years is very achievable. There's a lot left to do, and there's an excited team ready to do it. We'll continue to aggressively pursue rapid progress, and we aren't tired. The march continues.*
17. Gotham City Research analysis. The scenario 1 assumption of 10.6% is derived from the cumulative Adjusted EBITDA excluding the add back for portfolio debt interest expense margin from 2009 to 2013. The scenario 2 assumption of 12.6% is based on the 2010 margin, which was DriveTime’s highest reported margin between 2009 and 2013.
18. Gotham City Research analysis. The 2022 and 2023 employee count figures were obtained from the Wayback Machine:
<https://web.archive.org/web/20231203212523/https://www.greatplacetowork.com/certified-company/1000080>
<https://web.archive.org/web/20231203212523/https://www.greatplacetowork.com/certified-company/1000080>
19. Gotham City Research analysis of DriveTime filings.
20. Gotham City Research analysis of DriveTime filings.
21. Gotham City Research analysis of CVNA filings.
22. Gotham City Research analysis of DriveTime filings.
23. Gotham City Research analysis of DriveTime filings.
24. Gotham City Research analysis of DriveTime filings.

CVNA profits are fueled by DriveTime’s 20-40x leverage

1. Gotham City research analysis of DriveTime 2024 Annual Report.
2. Sources include:
https://www.reddit.com/r/stocks/comments/1phs4pg/carvana_cvna_is_highly_fraudulent/?utm_source=chatgpt.com
<https://hindenburgresearch.com/carvana/>
<https://x.com/silberschmelzer/status/1983724463129797101>
https://x.com/blue_chip1/status/2000446431929536825
https://www.reddit.com/r/stocks/comments/1phs4pg/carvana_cvna_is_highly_fraudulent/?utm_source=chatgpt.com
<https://hindenburgresearch.com/carvana/>
3. Gotham City Research analysis of DriveTime 2024 Annual Report. The ‘DriveTime: Net (distribution to)/contributions from shareholders [A]’ row is calculated as: Contributions

from shareholders + Distributions to shareholders. The 'Total financing net raised (term securitization and wholesale) [B]' row is calculated as: Proceeds from portfolio term financings + Repayment of portfolio term financings + Proceeds from portfolio warehouse facilities + Repayment of portfolio warehouse facilities.

4. DriveTime 2024 Annual Report.
5. Gotham City research analysis of DriveTime filings. The 'Adj earnings EBITDA' figures used are: "Adjusted EBITDA" from 2008 to 2010, "Recurring Adjusted EBITDA" from 2011 to 2013, "Adjusted earnings EBITDA" from 2022 to 2024. The 2022 Net debt figure is a GCR estimate calculated as the sum of: 2023 YE net debt + 2023 cash burn before financing activities + 2023 cash burn in investing activities.
6. Gotham City research analysis of CACC filings.
7. Gotham City research analysis of CVNA filings.
8. Gotham City research analysis of DriveTime 2024 Annual Report.
9. Gotham City research analysis of DriveTime filings.
10. Gotham City research analysis of CACC filings.
11. Gotham City research analysis. The 'CVNA Adj EBITDA adjusted for related party benefit' row is calculated as: CVNA reported Adjusted EBITDA + DriveTime reported Net cash (used in) provided by operating activities.
12. Gotham City research analysis.
13. <https://www.reuters.com/sustainability/boards-policy-regulation/ey-negligently-missed-huge-fraud-collapsed-hospital-operator-3-bln-uk-trial-2025-05-19/>
14. DriveTime 2013 Annual Report.
15. DriveTime 2024 Annual Report.
16. Gotham City Research analysis of DriveTime filings.
17. Gotham City Research analysis.

Garcia extracted \$352m while leverage grew to 20x-40x

1. <https://x.com/TheRealDonaldC3/status/1955062438811811963>
2. DriveTime 2024 Annual Report.
3. DriveTime 2024 Annual Report.
4. Gotham City research analysis of DriveTime 2024 Annual Report. The 'DriveTime: Net (distribution to)/contributions from shareholders [A]' row is calculated as: Contributions from shareholders + Distributions to shareholders. The 'Total financing net raised (term securitization and wholesale) [B]' row is calculated as: Proceeds from portfolio term financings + Repayment of portfolio term financings + Proceeds from portfolio warehouse facilities + Repayment of portfolio warehouse facilities.
5. Gotham City Research analysis. FCF is calculated as: CFO less capex ("purchase of P&E"). DT: Garcia net cash extraction is explained in endnote #4 above in this chapter.
6. Gotham City Research analysis.
7. Gotham City Research analysis.
8. DriveTime 2024 Annual Report.
9. DriveTime 2024 Annual Report.
10. DriveTime 2024 Annual Report.

11. DriveTime 2024 Annual Report.
12. DriveTime 2024 Annual Report.
13. DriveTime 2024 Annual Report.
14. DriveTime 2024 annual report.

Bridgecrest \$900m loan loss: BAC pain, CVNA gain

1. <https://www.carvana.com/help/payment-and-financing/i-financed-my-loan-with-carvana-who-is-bridgecrest>
2. <https://www.spglobal.com/ratings/en/regulatory/delegate/getPDF?articleId=3350623&type=FULL&subType=PRESALE&defaultFormat=HTML>
3. Sources:
<https://thehedgefundjournal.com/madoff-d1/#:~:text=Obscure%20auditors,they%20do%20not%20conduct%20audits.>
<https://www.linkedin.com/pulse/bernie-madoff-ponzi-scheme-greatest-fraud-wall-street-pabasara-9wlkc/>
[https://sites.lsa.umich.edu/mje/2025/04/04/hiding-in-plain-sight-the-madoff-scandal-and-regulatory-failure/#:~:text=Together%2C%20they%20fabricated%20backdated%20trades,and%20Exchange%20Commission%2C%202009\).](https://sites.lsa.umich.edu/mje/2025/04/04/hiding-in-plain-sight-the-madoff-scandal-and-regulatory-failure/#:~:text=Together%2C%20they%20fabricated%20backdated%20trades,and%20Exchange%20Commission%2C%202009).)
4. Sources include but are not limited to:
<https://www.bloomberg.com/news/articles/2025-10-22/chanos-says-lots-of-red-flags-at-carvana-amid-auto-loan-woes>
<https://x.com/wallstengine/status/1981039752355987728>
<https://x.com/SilbergleitJr/status/1974143909094641881>
<https://x.com/LastBearStandng/status/1976285687273095576>
<https://x.com/silberschmelzer/status/1981097620249726987>
5. DriveTime 2024 Annual Report.
6. Gotham City Research analysis of DriveTime 2024 Annual Report. The screenshot is also from the DriveTime 2024 Annual Report.
7. Gotham City Research analysis of CVNA and DriveTime filings.
8. DriveTime 2013 Annual Report.
9. DriveTime 2013 annual report.
10. CVNA 2024 10-K.
11. CVNA 2024 10-K.
12. DriveTime 2024 Annual Report.
13. DriveTime 2024 Annual Report.
14. DriveTime 2024 Annual Report.
15. DriveTime 2024 Annual Report.
16. Gotham City Research analysis of securitization files of Bridgecrest, Carvana, CarMax and Ally.

CVNA-tied loans in BAC misrepresented in SEC filings

1. Gotham City Research analysis of BLAST securitization files.

2. CVNA 2024 10-K.
3. VinAudit report.
4. VinAudit report.
5. VinAudit report.
6. Data extracted from Bridgecrest's BLAST-2 securitization file.
7. Text is from the DriveTime 2024 Annual Report.
8. Text and screenshot are both from the DriveTime 2024 Annual Report.
9. <https://www.sec.gov/Archives/edgar/data/2050168/000119312525012110/d902532d424b5.htm>
10. <https://www.carvana.com/help/payment-and-financing/i-financed-my-loan-with-carvana-who-is-bridgecrest>
11. Text and screenshot are both from the CVNA 2024 10-K.
12. Refer to Supplemental for more information.

Why we think BridgeCrest drives CVNA's Gain on sales

1. Gotham City research analysis of Carvana filings.
2. Carvana DEF 14A.
3. Gotham City Research analysis. The 'DT Servicing fees' figures are obtained from Carvana's DEF 14A. The 'Receivables amount' figures are obtained as follows:

Ally Parties and Purchaser Trusts from Carvana's DEF 14A (During the year ended December 31, 2024, we sold approximately \$3.0 billion in principal balances of finance receivables under the purchase and sale agreement ... Under these 2024 agreements, the purchaser trusts purchased an aggregate of approximately \$3.8 billion in principal balances of finance receivables).

CVNA Credit facilities from Carvana's 2024 10-K (The subsidiaries that entered into these Finance Receivable Facilities are each wholly owned, special purpose entities whose assets are not available to the general creditors of the Company. As of December 31, 2024 and 2023, the Company had zero and \$555 million, respectively, outstanding under these Finance Receivable Facilities, unused capacity of \$2.7 billion and \$2.1 billion).

Carvana (CVNA) is from Carvana's 2024 10-K too, taking the 2024 Carrying value of finance receivables (\$612mln).

Third Parties is the remaining amount after deducting \$16.3 billion (obtained from DriveTime's 2024 Annual Report) from each figure above, which is \$8.888bln.

The 'Implied servicing fee' column is then calculated as: DT servicing fee / Receivables amount.

4. Carvana DEF 14A.
5. DriveTime 2024 annual report.
6. Gotham City Research analysis.

The first exhibit is a sensitivity analysis showing the dollar amount that Third Party would pay at different rates. The second row then shows the dollar amount over 5 years, with the orange highlighted rows indicating where CVNA's 2024 gain on sale amount sits within this range.

The second exhibit illustrates what CVNA and Third parties would pay at market-based rates, based on their respective Receivables amount. For CVNA, the low-end fee is calculated as: \$612mln * 2.224% (i.e., the Implied servicing fee of the Purchaser Trusts). CVNA's high-end fee is then calculated as: \$612mln * 2.903% (i.e., the Implied servicing fee of the Ally Parties). The Third parties' row is derived from the sensitivity analysis in the prior exhibit. Note that the average Third Parties figure of \$777mln is not far off CVNA's disclosed 2024 gain on loan of \$755mln.

7. Gotham City Research analysis of CVNA filings.
8. Gotham City Research analysis. 2022 and 2023 are both based on the same methodology explained for 2024 above in footnotes #3 and #6 in this chapter.
9. CVNA 2024 10-K.
10. <https://www.sec.gov/Archives/edgar/data/1770373/000119312520311748/d24796dex991.htm>
11. <https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/13515409>
<https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3502702>

GoFi, DriveTime, and the circular flow of money

1. <https://www.prnewswire.com/news-releases/bridgecrest-launches-gofi-to-create-digital-first-lending-platform-301616060.html>
2. <https://www.prnewswire.com/news-releases/bridgecrest-launches-gofi-to-create-digital-first-lending-platform-301616060.html>
3. GoFi 2024 Annual Report.
4. GoFi 2024 Annual Report.
5. GoFi 2024 Annual Report.
6. Gotham City Research analysis.
7. <https://www.go-fi.com/customers>
8. <https://www2.bridgecrest.com/payment-options>
9. <https://www2.bridgecrest.com/customer-support-center>
10. <https://gofi.webflow.io/contact-info>
11. <https://www.go-fi.com/#products>
12. DriveTime 2024 Annual Report.
13. GoFi business registry filing.
14. Sources for each screenshot:
<https://www2.bridgecrest.com/privacy-policy>
<https://www2.bridgecrest.com/terms-of-use>
<https://ecorp.sos.ga.gov/BusinessSearch/BusinessInformation?businessId=2153792>
15. Sources for each screenshot:
<https://www.naics.com/company-profile-page/?co=998>
https://www.google.com/search?q=drivetime+1720+w+rio+salado+parkway&rlz=1C1GCEA_enGB1187GB1187&oq=drivetime+1720+w+rio+salado+parkway&gs_lcrp=EgZjaHJ

[vbWUyBggAEEUYOTIICAEQABgWGB4yCagCEAAyFhgeMggIAxAGBYHjIHCAQQABjvBTIKCAUQABiABBiiBDIKCAYQABiABBiiBDIHCAcQABjvBdlBCDc1MjBqMGo3qAIAAsAIA&sourceid=chrome&ie=UTF-8](https://www.azcc.gov/BusinessSearch/BusinessInfo?entityNumber=L16920530&__ncf__orminfo=SODJAuloREnwSzk_MdZeuATFEjcSO-A2UqF_wleebyuqC8JVjoZN6i0xpvg7hNA9qVl94hZm36lSYxG_lnf35HscvUFvn3c)

16. Arizona Business Center registry:

https://ecorp.azcc.gov/BusinessSearch/BusinessInfo?entityNumber=L16920530&__ncf__orminfo=SODJAuloREnwSzk_MdZeuATFEjcSO-A2UqF_wleebyuqC8JVjoZN6i0xpvg7hNA9qVl94hZm36lSYxG_lnf35HscvUFvn3c

17. Gotham City Research analysis of DriveTime filings. The Adjusted EBITDA figures are:

“Adjusted EBITDA” from 2008 to 2010, “Recurring Adjusted EBITDA” from 2011 to 2013, “Adjusted earnings EBITDA” from 2022 to 2024.

18. Gotham City Research analysis of the 2024 DriveTime and GoFi Annual Reports. ‘GoFi net member contribution / (withdrawal)’ is calculated as: Member contribution + Member withdrawal.

GoFi originations and its Gain on Sale are suspect

1. <https://www.facebook.com/share/p/1BRXmQaNaF/>
2. GoFi 2024 Annual Report.
3. GoFi 2024 Annual Report.
4. GoFi 2024 Annual Report.
5. VinAudit report.
6. VinAudit report.
7. VinAudit report.
8. Data from Bridgecrest BLAST-3 securitization file.
9. Gotham City Research analysis of BLAST securitization files.
10. <https://www.mass.gov/doc/lienholder-code-list/download>
11. <https://www.mass.gov/doc/lienholder-code-list/download>
12. A Texas Department of Motor Vehicles Registration and Title System lienholder list (dated 21 November 2025).
13. <https://www.carvana.com/help/purchasing-a-car/what-is-the-lien-holder-address-for-insurance-purposes>
14. DriveTime 2012 Annual Report.
15. DriveTime 2012 Annual Report.
16. DriveTime 10Q for the quarter period ended March 31, 2013.
17. DriveTime 2013 Annual Report.

Accounting irregularities re: SilverRock & commissions

1. CVNA 2024 10-K.
2. CVNA 2024 10-K.
3. <https://hindenburesearch.com/carvana/>
4. Gotham City Research analysis.
5. DriveTime 2024 Annual Report.
6. DriveTime 2024 Annual Report.

7. Gotham City Research analysis of CVNA filings. The 'Plug/other/undisclosed' is calculated as: Reported Other sales and revenue less than the sum of the first 3 rows of this exhibit.
8. CVNA 2024 10-K.
9. DriveTime 2024 Annual Report.
10. DriveTime 2024 Annual Report.
11. DriveTime 2024 Annual Report.
12. DriveTime 2024 Annual Report.
13. DriveTime 2024 Annual Report.
14. Gotham City Research analysis of Carvana filings and DriveTime 2024 Annual Report.

Bridgecrest, servicing related Accounting irregularities

1. CVNA 2024 10-K.
2. DriveTime 2024 Annual Report.
3. DriveTime 2024 Annual Report.
4. DriveTime 2024 Annual Report.
5. Arizona Business Center registry:
<https://ecorp.azcc.gov/BusinessSearch/BusinessInfo?entityNumber=L15746685>
6. DriveTime 2024 Annual Report.
7. DriveTime 2024 Annual Report.
8. DriveTime 2024 Annual Report.
9. DriveTime 2024 Annual Report.
10. DriveTime 2024 Annual Report.

Grant Thornton: auditor for Tricolor, CVNA, & DriveTime

1. <https://www.bloomberg.com/news/features/2025-11-10/tricolor-auto-bankruptcy-kicked-off-by-jpmorgan-phone-call?embedded-checkout=true>
2. <https://www.justice.gov/usao-sdny/pr/ceo-cfo-coo-charged-connection-billion-dollar-collapse-tricolor-auto>
3. CVNA 10-Q filed on 30 July 2025.

CVNA shares uninvestable, accident waiting to happen

1. Gotham City Research analysis.