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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA

In re: CashCall, Inc. Debtor-in-Possession.	CASE NO.: 26-03102-JBM11 **CREDITOR CONSUMER FINANCIAL BUREAU'S MOTION PURSUANT TO BANKRUPTCY RULE 9024 FOR RECONSIDERATION OF COURT MODIFIED ORDER ON DEBTOR'S FIRST-DAY MOTION FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING DEBTOR TO (A) OBTAIN POSTPETITION FINANCING, AND (B) USE CASH COLLATERAL, (II) GRANTING ADEQUATE PROTECTION, AND (III) SCHEDULING FINAL HEARING** Date: Time: Dept: Two (2) Judge: J. Barrett Marum

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The Consumer Financial Protection Bureau (Bureau), the second-largest creditor in this bankruptcy case, moves pursuant to Bankruptcy Rule 9024 for reconsideration of the Court's Order on Debtor's First-Day Motion for Interim and Final Orders (I) Authorizing Debtor to (A) Obtain Post-Petition Financing, and (B) Use Cash Collateral, (II) Granting Adequate Protection, and (III) Scheduling Final Hearing (Dkt. No. 113) (Order). As the Order was entered on September 2, 2026, 14 days ago, this Motion is timely filed under Bankruptcy Rule 8002(b).

The Bureau seeks reconsideration because recent events call into question the control of the Independent Director, which was a principal basis for the Court's approval of the DIP Financing. Notwithstanding the sole shareholder's resignation-on-paper from his director position, Mr. Reddam appears to remain in control of the Debtor and its litigation decisions, as the Debtor takes actions that are designed to protect Mr. Reddam's personal interests and contrary to the Debtor's fiduciary duty to creditors.

As explained below, the Debtor continues to attempt to frustrate the Bureau's execution on a security package in which the Debtor has no stake: the security package consists solely of assets that Mr. Reddam and the DIP Lender pledged. The Debtor is taking such action despite being subject to joint-and-several liability, alongside Mr. Reddam, on the judgment arising out of the Bureau's enforcement action. Importantly, the Bureau's execution on the security package would greatly *reduce* the outstanding judgment amount (and, thus, the Debtor's liability) as well as the amount of the Bureau's claim against the estate. Opposing the Bureau's efforts to execute on the security package is a clear violation of the Debtor's fiduciary duties, including the obligation to maximize the value of the estate. Such abdication of the Debtor's duties for the sake of Mr. Reddam's personal interests should not be tolerated, either now or in connection with any future litigation decisions of the Debtor. The Court should conduct an inquiry into who is deciding what at CashCall.

I. Relevant Procedural History

A. The Motion for DIP Financing and the Tentative Ruling

The Debtor's First-Day Motion sought, among other relief, authorization to obtain post-petition financing (DIP Financing) from a related party. *See* Dkt. No. 5. Over the objections of the Bureau and the U.S. Trustee, the Court granted the First-Day Motion on an interim basis as to the DIP Financing, setting an interim borrowing limit of $300,000. Dkt. No. 36.

The Court scheduled a final hearing on the proposed DIP Financing for August 26, 2026, and set deadlines for objections and any reply. *Id.* The U.S. Trustee filed objections to the DIP Financing Motion (Dkt. No. 51), as did the two largest creditors in this case, the Bureau (Dkt. No. 56) and Class Action Judgment Holder Eduardo De La Torre (Dkt. No. 52). The objectors focused in large part on the conflicts of interest arising from Mr. Reddam's roles as director and sole shareholder of the Debtor and owner of the DIP Lender, including that he and the Debtor were contesting the Bureau's execution on the security package granted to the Bureau to permit their appeal of the adverse district court judgment. *See* Dkt. No. 56 at 9; Dkt. No. 52 at 7-8. As the Bureau argued, *see* Ex. A, August 26, 2026 Hr'g Tr. at 17-18, and as the Court has acknowledged, *see* Dkt. No. 126 at 3, executing on the security package would likely satisfy the bulk of the Bureau's district court judgment, increasing the likelihood of recoveries for other creditors.

Before the scheduled final hearing, the Court issued a Tentative Ruling (Dkt. No. 83) setting forth findings, identifying issues of concern, and advising the parties that the Court was not inclined to approve the DIP Financing Motion unless the Debtor could provide satisfactory answers to the issues of concern. *Id*. at 3.

One of the issues of concern the Court identified was the authority of Independent Director Jalbert and proposed CRO Gladstone over the affairs of the Debtor:

> Finally, the Debtor's Omnibus Reply paints a picture that has Ms. Gladstone and Mr. Jalbert completely in control of the Debtor for all purposes, subject only to this Court's oversight. That may be the Debtor's intent, but that is not the way the documents governing Ms. Gladstone's and Mr. Jalbert's retention are drafted. In light of the issues discussed above, this troubles the Court and the Court will look to the Debtor to address this at the hearing.

Id. The Court concluded the Tentative Ruling by informing the parties that "the Court does not anticipate taking witness testimony unless the Debtor intends to supplement the record at the hearing or a dispute arises as to a factual issue." *Id.*

B. The Final Hearing and Memorandum Decision

At the August 26 final hearing (Final Hearing), the Debtor announced certain changes to the proposed DIP Financing, including that sole shareholder Mr. Reddam was going to resign as a director of the Debtor, leaving Mr. Jalbert as the only director. Ex. A, August 26, 2026 Hr'g Tr., at 6-8. The Court then heard argument from the objectors. The Court requested testimony from the proposed CRO Ms. Gladstone limited to the negotiations concerning the new version of the DIP Financing the Debtor had announced. *Id*. at 36-37. At the hearing's conclusion, the Court stated that it intended to grant the DIP Financing Motion, subject to the Debtor's filing of (i) a redline of the changes to the DIP Financing that were announced at the start of the hearing and (ii) evidence of Mr. Reddam's resignation as a director of the Debtor. *Id.* at 52-54. The Debtor subsequently filed, among other things, an August 27, 2026 resignation letter from Mr. Reddam. Dkt. No. 98-1.

On September 2, 2026, the Court entered a brief Order granting approval for the DIP Financing and stating: "The Court will issue a separate Memorandum Decision explaining the basis for its decision no later than September 14, 2026." Dkt. No. 113 at 2. On September 14, 2026, the Court issued its Memorandum Decision. Dkt. No. 126.

In the Memorandum Decision, the Court found that the DIP Financing was "inherently fair," Dkt. No. 126 at 11, applying the test set forth in *In re Western Pacific Airlines, Inc.*, 222 B.R. 567 (Bankr. D. Colo. 1997). Dkt. No. 126 at 6-7. The Court based its conclusion on both the Debtor's changes to the terms of the DIP Financing and the Debtor's agreement to "changes in its corporate governance." *Id*. at 11. The Court found that it was "[e]qually important" that Mr. Reddam would resign "effective immediately." *Id*. In particular, the Court pointed to the filed resignation letter's statement that Mr. Reddam "would have no further involvement in the Debtor's ongoing operational and/or litigation decisions." *Id.* Later in the Memorandum Decision, the Court again stated that its finding of inherent fairness was "particularly" grounded in the fact that "the Debtor is now operated by an independent CRO and its decisions are directed by an independent director." *Id.* at 12. The Court continued:

> [I]t benefits the Debtor, the estate, and the creditors in bankruptcy to have an independent CRO in firm control of the Debtor and without Reddam's involvement, which necessarily includes decisions regarding the Debtor in the fraudulent conveyance action, in any action that may arise in this Court, and in any other appropriate forum.

Id.

C. Events Subsequent to Mr. Reddam's Resignation

Following the August 28 filing of Mr. Reddam's resignation letter, there has been zero change in the Debtor's litigation decisions. Most notably, the Debtor has continued to file pleadings in the district court case aimed at frustrating the Bureau's execution on the security package. *See, e.g.*, *CFPB v. CashCall, Inc.*, No. 2:15-cv-07522-JFW (C.D. Cal.), Dkt. No. 433 (Reply in Support of Mot. for Post-Judgment Discovery, filed Sept. 2, 2026); *Merchants Bank of Indiana v. CFPB*, No. 2:26-cv-7259 (C.D. Cal.), Dkt. No. 31 (Answ. to Compl. in Interpleader, filed Sept. 9, 2026). On September 11, the

district court expressly found that the Debtor's motion seeking to vacate the judgment—which the Debtor has continued to zealously litigate *after* Mr. Reddam resigned—"is simply an ill-conceived tactic designed to continue to delay the CFPB's enforcement of the Amended Judgment." *CFPB v. CashCall, Inc.*, No. 2:15-cv-07522-JFW (C.D. Cal.), Dkt. No. 436 at 3.

That same day, counsel for the Debtor and Mr. Reddam stated to Law360 "that he and his *clients* are very disappointed in the ruling." *See* Ex. B at 2 (emphasis added).[1] He went on: "While we respect the judge's decision, we feel strongly that the equities justify relief and so intend to appeal this ruling." *Id.*

II. Argument

The Court should reconsider and set aside its Order so that a detailed inquiry can be pursued about who is deciding what at CashCall. The Order is a final order because it resolves and "seriously affect[s] the substantive rights of the parties" as to the availability and advancement of credit during the bankruptcy case and adjudicated each discrete issue concerning the Debtor's request for authorization to obtain DIP Financing. *See In re Fleetwood Enterprises, Inc.*, 427 B.R. 852, 862-63 (Bankr. C.D. Cal. 2010) (finding interim DIP financing order to be final).

"[B]ankruptcy courts, as courts of equity, have the power to reconsider, modify or vacate their previous orders so long as no intervening rights have become vested in reliance on the orders." *Chinichian v. Campolongo*, 784 F.2d 1440, 1443 (9th Cir. 1986); *Taylor v. Lake (In re CADA Invs., Inc.)*, 664 F.2d 1158, 1161 (9th Cir. 1981); *see* 11 U.S.C. § 105(a). This power has been formalized in Bankruptcy Rule 9024, which makes Federal Rule of Civil Procedure 60 applicable to bankruptcy cases. *In re CADA Invs.*,

[1] A court may take judicial notice of the existence of news articles for the purpose of determining what statements they contain. *Whiteside v. Chosen Foods,* LLC, 796 F. Supp. 3d 667, 673 (S.D. Cal. 2025) (citation omitted).

664 F.2d at 1161; Advisory Committee Note to Bankruptcy Rule 9024 (1983) ("For the purpose of this rule all orders of the bankruptcy court are subject to Rule 60 F.R.Civ.P.").

Pursuant to Rule 60(b)(3), "the court may relieve a party or its legal representative from a final judgment, order, or proceeding" based on "fraud …, misrepresentation, or misconduct by an opposing party." To prevail, "the moving party must prove by clear and convincing evidence that the [order] was obtained through fraud, misrepresentation, or other misconduct and the conduct complained of prevented the losing party from fully and fairly presenting the defense." *Trendsettah USA, Inc. v. Swisher Int'l, Inc.*, 31 F.4th 1124, 1136 (9th Cir. 2022). "Rule 60(b)(3) is aimed at judgments which were unfairly obtained, not at those which are factually incorrect." *Id.* (citation and internal quotation marks omitted). The conduct complained of must "not be discoverable by due diligence before or during the proceedings." *Casey v. Albertson's Inc.*, 362 F.3d 1254, 1260 (9th Cir. 2004).

Relief is warranted here because the Debtor appears to have misrepresented to the Court either the authority of Mr. Jalbert or the non-involvement of Mr. Reddam, thus causing the Court to grant its DIP Financing Motion. The sequence of events here may also constitute misconduct within the meaning of the Rule, as the Debtor secured the Order by means of the Reddam resignation and then failed to honor a key element underpinning the Court's ruling.

The Debtor is a fiduciary to creditors of the estate. *In re Woodson*, 839 F.2d 610, 614 (9th Cir. 1988). It is supposed to "avoid conduct that would prejudice the rights of those whose interests [it] is required to protect." *Id.* (citations omitted). A debtor-in-possession also has the duty to maximize the value of the estate. *Cheng v. K&S Diversified Invs., Inc. (In re Cheng)*, 308 B.R. 448, 455 (B.A.P. 9th Cir. 2004) ("The debtor in possession performing the duties of the trustee is the representative of the estate and is saddled with the same fiduciary duty as a trustee to maximize the

value of the estate available to pay creditors."), *aff'd*, 160 F. App'x 644 (9th Cir. 2005). Further, a debtor in possession owes a duty of loyalty to creditors. *Thompson v. Margen (In re McConville),* 110 F.3d 47, 50 (9th Cir. 1997) (holding that debtors in possession are "fiduciaries of their own estate owing a duty of care and loyalty to the estate's creditors").

Mr. Jalbert, retained to function as an independent director, and Ms. Gladstone, retained to function as an independent officer, are also fiduciaries. *See* Dkt. Nos. 28, 28-1. Indeed, the Ninth Circuit holds the debtor in possession's corporate officers to the standards of "officers of the court because of their responsibility to act in the best interests of the estate as a whole and the accompanying fiduciary duties." *Gumport v. China Int'l Trust & Inv. Corp. (In re Intermagnetics Am., Inc.)*, 926 F.2d 912, 917 (9th Cir. 1991). Despite its fiduciary duty to maximize the value of the estate, the Debtor—purportedly controlled exclusively by Mr. Jalbert—has continued to pursue litigation tactics intended to frustrate the Bureau's execution on the security package, which, once completed, would greatly reduce the amount of its claim against the estate. Indeed, the Debtor remains subject to joint-and-several liability in the enforcement action for an amount that would be greatly reduced once the security package—which consists solely of assets pledged by Mr. Reddam and the DIP Lender—is turned over to the Bureau. The Debtor's conduct is not only "misguided," as the district court characterized it, but its actions (including its stated intent to appeal) violate fiduciary obligations and prejudice all creditors of the estate by ensuring the second-largest creditor remains a contender for the limited resources of the estate. That is the opposite of maximizing the value of the estate. Nor does it comport with the Debtor's duty of loyalty, as the Debtor is aligning itself with Mr. Reddam instead of with creditors of the estate.

Now that Mr. Jalbert is empowered to make "litigation decisions" for the Debtor, *see* Dkt. No. 126 at 11, he should not be countenancing the Debtor's involvement in

protecting Mr. Reddam's assets at the expense of creditor recoveries in this case. Either Mr. Jalbert is directing the Debtor's involvement at the expense of creditors, or Mr. Jalbert is not the one making the litigation decisions. In either situation, the Debtor, via Mr. Jalbert, is not fulfilling its fiduciary duties to creditors but instead acting to benefit Mr. Reddam.

The claimed elimination of Mr. Reddam's involvement in litigation decisions was central to the Court's order. *See* Dkt. No. 126 at 11-12 (finding the revised DIP Financing agreement "inherently fair" "[b]ased on the foregoing, particularly that the Debtor is now operated by an independent CRO and its decisions are directed by an independent director"). The Memorandum Decision makes clear the Court's understanding that Mr. Jalbert's sole directorship meant that Mr. Jalbert would have sole control over litigation decisions. That understanding was based on the Debtor's characterization, at the Final Hearing and in Mr. Reddam's resignation letter, that Mr. Jalbert alone was in control of the Debtor.

That Mr. Jalbert's transition to a sole directorship would not result in any change in the Debtor's breaching of its fiduciary duties is not something the Bureau could have "discovered" before or at the hearing. *See Lonsdorf v. Seefeldt*, 47 F.3d 893, 897 (7th Cir. 1995) (granting Rule 60(b)(3) motion, finding that "in litigation the burden is on the attorney who discovers client dishonesty to take corrective action"). In fact, the Bureau expected the opposite following Mr. Reddam's resignation.

The Court should reconsider and set aside its Order, and engage in additional fact-finding about Mr. Jalbert's role and about who is really running the Debtor, including making its litigation decisions. Such an inquiry should be a part of the "rigorous scrutiny" that is required for this insider transaction. *See Pepper v. Litton*, 308 U.S. 295, 306 (1939). For all the weight that the Court puts on his role as Independent Director, Mr. Jalbert did not testify at all in support of the proposed DIP Financing. He did not

appear at the Final Hearing and so could not serve as a witness. He has not submitted a single declaration in this case. Mr. Reddam did not appear at the Final Hearing either. These facts are relevant because the Court made its decision concerning the fairness of the proposed DIP Financing without testimony from the two purported decisionmakers behind the DIP Financing, and, now, the sole director of the Debtor.

Given the Debtor's continued, intransigent pursuit of a litigation strategy that harms creditors of the estate even after the retained fiduciaries are supposedly calling the shots, none of the conflicts of interest the Court identified as "troubling" in its Tentative Ruling have been "sanitized." *See* Dkt. No. 126 at 15.

Conclusion

For the foregoing reasons, the Court should reconsider and set aside its order approving the DIP Financing Motion and engage in additional fact-finding regarding Mr. Reddam's current role with regard to the Debtor's litigation decisions.

Dated: September 16, 2026

Respectfully submitted,

/s/ Mary K. Warren

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EXHIBIT A

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF CALIFORNIA

-oOo-

In Re:	) Case No. 26-03102-JBM
	) Chapter 11
CASHCALL, INC.	)
	) San Diego, California
Debtor.	) August 26, 2026
_____	) 11:00 AM

1) FINAL HEARING RE: EMERGENCY FIRST DAY MOTION FOR AN ORDER (I) AUTHORIZING (A) THE REJECTION OF AN UNEXPIRED LEASE; (B) ABANDONMENT OF PERSONAL PROPERTY, IF ANY, AND (II) GRANTING RELATED RELIEF FILED BY DEBTOR (FR 7/24/26)

2) FINAL HEARING RE: FIRST DAY MOTION FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTOR TO (A) CONTINUE USING ITS CASH MANAGEMENT SYSTEM AND (B) MAINTAIN EXISTING BANK ACCOUNTS AND BUSINESS FORMS; (II) WAIVING CERTAIN DEPOSIT GUIDELINES; AND (III) GRANTING RELATED RELIEF FILED BY DEBTOR (FR 7/24/26)

3) FINAL HEARING RE: FIRST DAY MOTION FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING DEBTOR TO (A) OBTAIN POSTPETITION FINANCING AND (B) USE CASH COLLATERAL, (II) GRANTING ADEQUATE PROTECTION, AND (III) SCHEDULING FINAL HEARING FILED BY DEBTOR (FR 7/24/26)

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TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE J. BARRETT MARUM
UNITED STATES BANKRUPTCY JUDGE

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ruling and look to the debtor, please, for a formal order.

MR. CARROLL: Of course. We will do that.

THE COURT: All right. Let's move on, then, to the debtor-in-possession financing motion. And I posted a fairly detailed tentative ruling on that that outlined some of the concerns I had with it as it is currently structured.

So Mr. Carroll, you can proceed.

MR. CARROLL: Yes, Your Honor, and thank you for the tentative. It was actually very helpful in focusing the issues and in our negotiations with the DIP lender. And we have made some changes, or I should say, the parties have agreed to make some changes to address all the issues, and I hope they will be satisfactory to the Court, Your Honor.

First, Your Honor, the maturity date on the loan has been extended through the end of 2027. So essentially, we'll have a year and four plus months remaining on the maturity.

The second matter, Your Honor, and this, I believe, I had in a footnote, was that the term sheet required entry of a final order within an upcoming short timetable. We remove that. And I don't know that it matters, but we also removed the provision requiring the entry of an interim order.

THE COURT: I did that already, though, right? I gave you an interim --

MR. CARROLL: You did enter the interim order.

THE COURT: Okay.

MR. CARROLL: I just wasn't sure if the timing was right. So I just figured, let's just delete it so there's no question.

THE COURT: Okay. Thank you.

MR. CARROLL: Of course. We also deleted the remedies. Shouldn't say delete. We changed the remedies provision. As Your Honor noted, it essentially allowed the lender to take any action it was legally entitled to without bankruptcy court approval. And we changed it so that it is just the opposite. They only can take action after obtaining bankruptcy court approval.

The next change we made, Your Honor. Probably your most important one. So I would say I saved the best for last. We got the lender to agree to remove the provisions granting a lien and a superpriority claim on the Chapter 5 claims.

THE COURT: Oh, you should have led with that.

MR. CARROLL: Well, Your Honor, I always think the save the best for last so -- and actually, that is not the last. Your Honor also mentioned the issue about what could happen if the Court does not approve Ms. Gladstone. And that led us to thinking about a couple of other things.

And what it ultimately led to is Mr. Reddam is going to resign as a member of the board, leaving just Mr. Jalbert, our independent director, as the sole director. Mr. Reddam has agreed to do so. There will be some documents that need to be

signed to effectuate that, but it will be done in the next few days, Your Honor.

THE COURT: All right. Then, in the situation where I would not approve Ms. Gladstone's retention for some reason -- and I haven't read any of those papers, so I'm not -- I don't want anyone to take my comments as prejudging that. I'm not --

MR. CARROLL: Okay.

THE COURT: -- because I haven't read any of the papers. But then Mr. Jalbert would be in the position to decide who the next chief restructuring officer would be or what would happen in that situation.

MR. CARROLL: That is correct, Your Honor.

THE COURT: All right. Is there anything else that you wanted to update me on regarding the debtor-in-possession financing?

MR. CARROLL: There is nothing else, Your Honor.

THE COURT: All right. Is there a draft of this revised term sheet somewhere?

MR. CARROLL: Yes, there is, Your Honor. And what we were going to suggest is we could file that, both the clean and the redline, and also include the proposed order. So Your Honor will have that. And if it's acceptable, you can enter that after your review of the term sheet.

THE COURT: Okay. One final question. Has the debtor developed what its exit strategy is going to be from Chapter

of last week, had accrued to be 29,026,812. So the total claim right now is 186,077,790.

The debtor's omnibus reply says that the CFPB acknowledged that if it prevails in the district court litigation, it will recover payment in full. That's at the debtor's brief, docket number 67 at 10. That's not what we said. We said that the security package may fall short. And as of today, it is falling short.

As of last week, according to documents filed in the interpleader case in the district court by Merchants Bank, the pledged account was worth 144 million. The debtor says that based -- I'm sorry. Mr. Reddam said that based on an appraisal, the two properties, the title to which was transferred to the Bureau, were worth 40,700,000. So the total value of the security package is 184,700,000. That's short of the value of the claim right now. And that's going to continue as the post-judgment interest accrues.

That leads me to two important points about the Bureau's claim and how it relates to this bankruptcy case. First of all, it's clear that it would be in the best interests of the estate and the creditors of CashCall if the Bureau were able to satisfy as much of its claim as possible from the pledge agreement and the properties, if the Bureau chooses to try to sell those properties. That would leave more for the other creditors.

But as the Bureau described in our objection, Mr. Reddam and Absolutely Zero are doing everything they can do in the district court to avoid making good on their agreement as to the security for the Bureau's judgment. And all this time that Mr. Reddam is trying to avoid that security package being honored, he is a fiduciary to the creditors of CashCall. Now, I hear that he's not a director anymore. But as the U.S. Trustee's representative pointed out, he is still the sole shareholder. He might still be an officer. We don't know. We don't know if he's the CEO or whether he's retaining any executive positions.

And the issue of how Mr. Reddam is approaching the Bureau's claim goes to the control and conflict issues that the judge raised in the tentative ruling. And it also goes to what the U.S. Trustee's representative was saying about the fact that the conflicts taint this whole case, not just the DIP financing. It is simply not in the best interest of creditors that CashCall has both an independent director, who is supposed to act in the best interests of creditors, and a former director up till now, but now sole shareholder, who is trying to undermine the resolution of the Bureau's claim for his own benefit and the benefit of the DIP lender. This is not fair to creditors, and it does not speak of good faith.

Your Honor also raised a concern in the tentative ruling about the way that Mr. Jalbert, if I'm pronouncing that

mute.

THE CLERK: I hit the wrong button.

MR. LEVY: That would work for me. I'm sorry.

THE COURT: All right. If I recess until 1 p.m., does anyone else have an issue with that?

Mr. Wood.

MR. WOOD: I just need to move a 2 o'clock train to a 3 o'clock train, but I think I should be able to do so.

THE COURT: Okay. I'm not seeing anyone else objecting. So I'm going to put this matter on recess, and we will come back at 1 o'clock. And I expect that I will have a ruling for you at 1 o'clock, although I'm going to reserve the right to take this under submission after I think about it a little bit more. And I may do that and then issue a written ruling. But I will see you all back at 1 o'clock. Thank you, everyone.

IN UNISON: Thank you, Your Honor.

(Recess from 11:55 a.m. until 1:00 p.m.)

THE CLERK: All rise. Department 2 is now back in session. Please be seated and come to order.

Good afternoon, Your Honor.

THE COURT: Good afternoon.

Good afternoon, everyone.

IN UNISON: Good afternoon.

THE COURT: All right. I took a look at some things

over the recess that we just had, and I need a little bit more information before I can make my ruling. And I'd like to obtain that information from either Ms. Gladstone or Mr. Jalbert through some testimony that we can take right now. And that information that I need is -- although I don't know that I see -- I'm not sure if I see Mr. Jalbert in the courtroom any longer.

MR. CARROLL: He is not here, Your Honor.

THE COURT: He's not here? Okay. So I guess, then, that it'll fall to Ms. Gladstone.

So the information that I think that I need is information about how the current iteration of the deal was negotiated on behalf of the debtor. And the deal has changed from what was originally negotiated, and so I'm most focused on the present version of the deal, as the debtor described it at the commencement of the hearing.

And so I would like to -- I would like to take that testimony now, after a fairly short recess for anyone who needs to adjust any of their additional commitments this afternoon to give people an opportunity to do that.

So and Mr. Levy, normally I do not allow folks who are appearing via Zoom to do a witness examination, but I will let you examine whatever witness it is that the debtor puts up under the circumstances that we have this afternoon. So I'll just ask that you try to -- if you have questions for the

I believe that the U.S. Trustee and creditors should have an opportunity to review the revised terms. I mean, we were provided a term sheet on July 20th. It's now August 26th. And at the hearing, we're told that there are revised terms. We should have an opportunity to review and respond to that before the Court rules on the motion, at a minimum.

And I would note that, according to financial reports that were filed and certified by Ms. Gladstone, the debtor-in-possession has already received the 300,000 dollars in loan proceeds from Absolutely Zero. And before the bankruptcy was filed, there were substantial retainers paid to the professionals, including 100,000 dollars to Manatt, Phelps. 100,000 dollars to Ms. Gladstone's firm. As well as others.

So the professionals are fully secured against any delays in ruling on this motion. And I respectfully request that the Court take that into account in ruling. Thank you.

THE COURT: Thank you, Mr. Levy.

I am going to grant the motion and approve the DIP financing, subject to the revisions that the debtor has agreed to make and that Absolutely Zero -- I think I referred to it as Absolute Zero, but I now understand it as Absolutely Zero -- the revisions that Absolutely Zero has agreed to make. My ruling is going to be subject to a few things that I want the debtor to file.

And the first is the redline of the term sheet, along

with the clean of what the term sheet is. The changes that the debtor has described on the record today are not complicated changes. They're significant, but they're not complicated changes.

And I think I am perfectly capable to review the redline and decide whether the debtor has, in fact, succeeded in obtaining the changes that the debtor has represented and counsel for Absolutely Zero has represented have been made. So I want to look at the redline, and then I'll make my decision regarding the motion after I see that. I am not going to ask for any additional or allow any additional briefing regarding the terms of the redline for the reasons that I just outlined.

I would also like to see copies of the resignation that Mr. Reddam will be executing. And I'd like that to be filed on the docket as well. That can be attached all to the same declaration. And I need to see that as well before I enter the final order on this.

So my question, Mr. Carroll, to you is can all of that happen by noon on Friday, noon Pacific?

MR. CARROLL: Yeah. Yes, absolutely, Your Honor.

THE COURT: All right. So then that will be -- that'll be the order. Mr. Carroll, please also submit a proposed order on the DIP financing, along with the filings that you -- well, upload the order when you file the documents by noon on Friday.

MR. CARROLL: We will certainly do that. Thank you, Your Honor.

THE COURT: All right. Is there anything else that I need to address today?

No? All right. Thank you, everyone. We'll be in recess.

IN UNISON: Thank you, Your Honor.

(Whereupon these proceedings were concluded at 1:31 PM)

C E R T I F I C A T I O N

I, River Wolfe, certify that the foregoing transcript is a true and accurate record of the proceedings.



_____

/s/ RIVER WOLFE, CDLT-265

eScribers

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Phoenix, AZ 85020

Date: Tuesday, September 1, 2026

EXHIBIT B

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CashCall Loses 'Ill-Conceived' Bid To Undo $157M CFPB Win

By **Dorothy Atkins**

Law360 (September 11, 2026, 11:01 PM EDT) -- A California federal judge on Friday rejected lender CashCall Inc.'s latest bid to escape the Consumer Financial Protection Bureau's $157 million enforcement judgment in decade-old litigation over a tribal lending program, finding that CashCall's request is an "ill-conceived tactic" designed to delay enforcement.

In a 3-page order, U.S. District Judge John F. Walter rejected multiple arguments raised by CashCall challenging the nine-figure amended judgment. The judge found that CashCall's payment of $10 million for a previous judgment is irrelevant, and that the company failed to show any extraordinary circumstances that would justify its requested relief.

The judge also said the change in the CFPB's enforcement priorities under the Trump administration in unrelated cases can't impact the judgment in this case, and CashCall can't relitigate the judgment based on subsequent changes in law or arguments that were already rejected or waived.

"Rather than demonstrating extraordinary circumstances, the court concludes that CashCall's motion is simply an ill-conceived tactic designed to continue to delay the CFPB's enforcement of the amended judgment," the order said. "For the foregoing reasons, CashCall's motion is denied."

The $157 million judgment at issue, which calls for paying $134 million in restitution and $23 million in fines, was entered against CashCall and its founder J. Paul Reddam in 2023 following years of litigation and multiple appeals. It has since accrued an additional $29 million in interest, according to the CFPB.

The CFPB won the judgment in a lawsuit the agency originally brought in 2013 that accused CashCall of illegally collecting on high-cost loans made through a now-defunct tribal lending program. CashCall and Reddam were held liable in 2016 and paid an initial $10.3 million judgment, but continued wrangling over restitution, and penalties led to 2023's much larger total award.

After the U.S. Supreme Court **turned them down** for an appeal earlier this year, CashCall and Reddam returned to district court in **June** with a Rule 60(b) motion to vacate the $157 million judgment, arguing changed circumstances have rendered it "no longer equitable."

Those changed circumstances, they said, include several "intervening" Supreme Court decisions since 2020, shifts in how the CFPB has pursued relief in the case, and the Trump administration's "repudiation" of past enforcement priorities at the agency.

CashCall and Reddam also pointed to what they claimed was the CFPB's "unexplained abandonment" of a provisional deal to slash the $157 million judgment, which they said agency officials were offering "very substantial savings" on and spent months discussing.

But last month, the CFPB **panned** the arguments as a "desperate" Hail Mary on the part of CashCall and Reddam. Their justifications for letting them off the hook either recycle already-rejected claims, invoke precedents that have no bearing on the case, or rest on "factual assertions and inferences that are simply false," the agency said.

Just because the CFPB's enforcement posture has swung in a different direction under Trump, for example, doesn't mean the underlying theories of the CashCall case have been disavowed or make it

unfair to keep pursuing the full judgment, the agency argued.

Meanwhile, CashCall filed for Chapter 11 protection in California bankruptcy court in July, citing the CFPB's pending $157 million judgment and a separate $245 million consumer class action judgment as contributing financial stressors.

A hearing on CashCall's motion was set for Sept. 14, but in his decision Friday, the judge vacated the hearing and found that he could decide the motion without hearing oral arguments.

The judge found that CashCall has failed to show its request for "extraordinary relief" is justified "for the reasons stated in the CFPB's opposition."

The judge noted that CashCall still hasn't satisfied the original judgment, and CashCall's payment of the $10 million penalty is irrelevant. The judge also noted that the judgment is not prospective, and "only requires CashCall to pay money" and "does not require court supervision."

Any alleged "intervening change" in law occurred during the course of litigation, and CashCall either already raised or could have raised the Supreme Court decisions it cites in its motion earlier in this litigation, the judge said.

Judge Walter added that the CFPB's change in enforcement priorities and the exercise of its discretion in "unrelated and easily distinguishable" other matters do not render the amended judgment in this case inequitable. Abandoned settlement negotiations additionally do not justify the relief CashCall is requesting and there's no evidence the CFPB's negotiations were in bad faith, the judge said.

Reuben Camper Cahn of Bienert Katzman Littrell Williams LLP, who represents CashCall and Reddam, said in a statement Friday that he and his clients are very disappointed in the ruling.

"While we respect the judge's decision, we feel strongly that the equities justify relief and so intend to appeal this ruling," Cahn said.

Counsel and representatives for the CFPB didn't immediately respond to requests for comment on Friday.

The CFPB is represented in-house by Christina S. Coll and Joseph Lake.

CashCall and Reddam are represented by Reuben Camper Cahn of Bienert Katzman Littrell Williams LLP.

The case is Consumer Financial Protection Bureau v. CashCall Inc. et al., case number 2:15-cv-07522, in the U.S. District Court for the Central District of California.

--Additional reporting by Jon Hill. Editing by Emily Kokoll.

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