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**UNITED STATES BANKRUPTCY COURT**

**FOR THE SOUTHERN DISTRICT OF CALIFORNIA**

IN RE CASHCALL, INC.,

Debtor.

Case No. 26-03102-JBM11

Chapter 11

**JUDGMENT CREDITOR EDUARDO DE LA TORRE'S OBJECTION TO APPLICATION FOR ENTRY OF AN ORDER AUTHORIZING RETENTION AND EMPLOYMENT OF ALLEN MATKINS LECK GAMBLE MALLORY & NATSIS LLP AS SPECIAL CONFLICTS COUNSEL TO THE DEBTOR (DKT. 138)**

[Declaration of Arthur D. Levy in Support of this Opposition Filed Concurrently]

Date: November 4, 2026
Time: 10:00 a.m.
Courtroom 2
Room 118
Hon. J. Barrett Marum



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TABLE OF CONTENTS

INTRODUCTION ..... 2

ALLEN MATKINS'S PROPOSED SERVICES ..... 3

DE LA TORRE'S OBJECTION ..... 3

1. CashCall is Disqualified from Serving as a Fiduciary to Creditors Regarding the Fraudulent Transfer Claim Because of Its Alignment with Mr. Reddam in the UVTA Case ..... 4

2. CashCall is Disqualified to Act as a Fiduciary to Creditors Regarding the Fraudulent Transfer Claim Because of the DIP Lender's Leverage Over the Fraudulent Transfer Claim ..... 5

3. The Debtor's Fraudulent Transfer Claim Is, or Is At Least Likely, Time-Barred, Prejudicing the Interests of the Creditors, Who Are Better Represented by De La Torre's UVTA Case ..... 6

4. Allen Matkins's Hourly Fees For Services on the Fraudulent Transfer Claim Are Unnecessary Because De La Torre's Counsel Will Continue the UVTA Case Without Charging the Estate Anything for Services ..... 7

CONCLUSION ..... 8

Judgment Creditor Eduardo De La Torre objects to the Application to Retain and Employ Allen Matkins Leck Gamble Mallory & Natsis (Dkt. 138) to the extent CashCall proposes to retain Allen Matkins to advise and/or represent CashCall in connection with the $45 million fraudulent transfer claim against Mr. Reddam. This Objection is a companion filing to De La Torre's Motion for Relief from Stay as to his UVTA case. Dkt. 164.

## INTRODUCTION

This case has four distinguishing, perhaps unique, features:

*First*, the debtor filed this case after state court fraudulent transfer litigation had long been pending; De La Torre's UVTA case against Mr. Reddam had been ongoing for nearly two years when this case was filed.

*Second*, the debtor sided with the transferee in the UVTA litigation and jointly denied his fraudulent transfer liability, submitting declarations in support of a joint summary judgment motion, including, most notably, a declaration from the debtor's CFO, Delbert Meeks.

*Third*, the debtor filed this bankruptcy case, stating that its principal material asset was the fraudulent transfer claim it had been opposing in the UVTA litigation.

*Fourth*, a captive corporation wholly owned and controlled by the target of the UVTA litigation and fraudulent transfer claim is providing the debtor's DIP financing. Mr. Meeks is the CFO of the DIP lender and the CEO and CFO of the DIP lender's parent company.[1]

Allen Matkins proposes to represent the debtor as conflicts counsel on the fraudulent transfer claim against Mr. Reddam. The scope of the firm's proposed engagement includes analyzing, developing, and pursuing the fraudulent transfer claim.

Section 327 allows a debtor in possession, acting as trustee for creditors, to employ attorneys "to represent or assist the trustee in carrying out the trustee's duties under this title." 11 U.S.C. § 327(a). Even if Allen Matkins is disinterested and does not hold or represent an interest adverse to the estate, section 327(a) requires that the firm must still be retained for a legitimate purpose in assisting CashCall in "carrying out its duties" as trustee for creditors.

[1] Levy Dec. Ex. 9 (¶¶ 7-9; Ex. 20 (130:6-17; 131:1-25); Ex. 21, Ex 22; Dkt. 124 (p. 26).

De La Torre submits that because CashCall is disqualified from carrying out the duties of a trustee with respect to the $45 million fraudulent transfer claim, section 327(a) does not authorize CashCall to retain Allen Matkins to do so on its behalf. Allen Matkins's proposed services, insofar as they relate to that claim, are therefore beyond "the trustee's duties under this title" and would not "assist [CashCall] in carrying out the trustee's duties [as debtor in possession]," as the statute requires.

ALLEN MATKINS'S PROPOSED SERVICES

The services Allen Matkins proposes to provide CashCall include representing the debtor on the fraudulent conveyance claim. The firms proposed services include:

- analyzing potential avoidance claims against J. Paul Reddam, the Debtor's former principal, and entities affiliated with or related to him;
- developing avoidance claims and related causes of action against J. Paul Reddam and entities affiliated with or related to him;
- prosecuting avoidance claims and related causes of action against J. Paul Reddam and entities affiliated with or related to him;
- appearing before this Court and any appellate courts in connection with the foregoing matters; and
- performing other necessary legal services and providing all other necessary legal advice to the Debtor in connection with the foregoing matters.

Dkt. 138 (¶ 12).

Allen Matkins proposes to charge the estate $896.75 per hour for Mr. Fates's services and $710.50 per hour for Mr. Mina's services. Dkt. 138 (¶ 16). Their fees will be paid from the DIP financing and will ultimately be charged against creditors as administrative expenses of the estate. Dkt. 106 (pp. 6-7 ["Use of Proceeds].)

DE LA TORRE'S OBJECTION

The basis for De la Torre's Objection is more fully set forth in his concurrently filed Motion for Relief of Stay re his Orange County UVTA case. Dkt.164. In sum:

- Due to its alignment with Mr. Reddam in defending De La Torre's UVTA case, CashCall has interests adverse to creditors and the estate that disqualify it from representing the creditors and the estate in pursuing Mr. Reddam on the fraudulent transfer claim. Levy Dec. ¶¶ 20-35 & Ex. 5-16. The adverse interests do not apply to De La Torre's pursuit of the UVTA action.
- The leverage by the DIP lender, which Mr. Reddam controls, against CashCall in pursuing and settling the fraudulent transfer claim against Mr. Reddam compromises CashCall's ability to represent creditors. This leverage does not apply to De La Torre's UVTA action.
- CashCall's fraudulent transfer claim appears to be subject to statute of limitations defenses that compromise CashCall's ability to represent creditors. Those defenses do not apply to De La Torre's UVTA action.
- The Court should disallow Allen Matkins's retention as to the fraudulent transfer claim in favor of granting De La Torre relief from stay to pursue the same claim in his UVTA case. This will avoid large hourly fees being charged as an administrative expense to the estate and its creditors, insure independence of pursuit against Mr. Reddam, and capitalize on the far-advanced and genuinely adversarial litigation De La Torre's counsel has been mounting against Mr. Reddam for two years and proposes to continue. Levy Dec. ¶¶ 38-45 & Ex. 18, 19.

1. CashCall is Disqualified from Serving as a Fiduciary to Creditors Regarding the Fraudulent Transfer Claim Because of Its Alignment with Mr. Reddam in the UVTA Case

CashCall chose sides with Mr. Reddam in defending the UVTA case for nearly two years before filing this case. Levy Dec. ¶¶ 20-35 & Ex. 5-16.

This creates an interest adverse to creditors. *Dye v. Brown (In re AFI Holding, Inc.)*, 355 B.R. 139, 149 (B.A.P. 9th Cir. 2006), emphasis added; see also *Tevis v. Wilke, Fleury, Hoffelt, Gould & Birney, LLP*, 247 B.R. 679, 687-88 (B.A.P. 9th Cir. 2006). This adverse interest disqualifies CashCall from representing creditors on the fraudulent transfer claim against Mr. Reddam. In *Official Comm. of Unsecured Creditors v. Clark (In re Nat'l Forge Co.)*, 304 B.R.

214, 222 (Bankr. W. D. Pa. 2004); *In re SunCruz Casinos, LLC*, 298 B.R. 821, 830 (Bankr. S.D. Fla. 2003).

2. CashCall is Disqualified to Act as a Fiduciary to Creditors Regarding the Fraudulent Transfer Claim Because of the DIP Lender's Leverage Over the Fraudulent Transfer Claim

The DIP lender holds the leverage of freezing or threatening to freeze further funding, and/or imposing a higher default interest rate, based on the occurrence of any Event of Default. Dkt. 106 (pp. 6, 12). An Event of Default has already occurred due to the filing of the Motion to Dismiss (Dkt. 127), triggering that leverage. *Id*. (p. 13 [Events of Default include "[t]he Chapter 11 Case shall be converted to a case under Chapter 7 of the Bankruptcy Code or be dismissed, or a motion requesting such relief shall have been filed by any party"].) Other Events of Default may occur in the future.

The DIP financing will be used to pay compensation to the Chief Restructuring Officer, the Independent Director, the proposed Counsel for the Debtor, and the proposed conflicts counsel, Allen Matkins. Dkt. 106 (pp. 6-7 ["Use of Proceeds].) If the DIP funding is placed in jeopardy due to the occurrence of Events of Default or for other reasons, these recipients stand to be financially compromised. Each has a direct personal interest in seeing the fraudulent conveyance claim resolved on terms that avoid default and termination of the DIP credit line and assure their payments through the DIP financing.

This includes Allen Matkins.

The debtor in possession has claims back against the DIP lender and other related insider entities that actually or potentially create adverse interests. These include:

- An account receivable of the Debtor for approximately $3 million due from the DIP lender, Absolutely Zero. Levy Dec. ¶ 47.
- Actual or potential avoidance claims against the parent corporation of the DIP lender, Ralis Services Corporation, and the DIP lender itself. Dkt. 88 (pp. 25-26, 37-38); Dkt. 124 (pp. 28-29).
- Actual or potential avoidance claims against other entities owned directly or indirectly by Mr. Reddam, including Servicing Solutions and Rebate Media Buyers. Dkt. 88 (pp. 25-26, 37-38); Dkt. 124 (pp. 28-29).

The Debtor attempts to compartmentalize the fraudulent transfer claim against Mr. Reddam from other claims, such as insider preference claims, that the Debtor has or may have against related parties, including Absolutely Zero, Ralis Services Corp., Servicing Solutions, and Rebate Media Buyers. Compartmentalization of the fraudulent transfer claim is not possible, though, because all claims as between the debtor in possession, on the one hand, and Mr. Reddam, Absolutely Zero, Ralis, and Mr. Reddam's other captive entities can be brought into negotiations over the fraudulent transfer claim and bargained to reduce his fraudulent transfer liability.

This interferes with creditors' independent representation on the fraudulent transfer claim. This interference is eliminated by allowing De La Torre relief from stay to pursue his UVTA case, independent of other claims involving Mr. Reddam and his captive entities, subject to Order of this Court.

These adverse interests are compounded by the Marshack Hays firm's joint representation of both Absolutely Zero as DIP lender and Mr. Reddam as defendant on the fraudulent transfer claim. Dkt. 161. Representing both the DIP Lender and the fraudulent transfer defendant, Marshack Hays owes concurrent duties to both the lender and the fraudulent transfer defendant, and could negotiate for a lower settlement of the fraudulent transfer claim in exchange for concessions to CashCall from the DIP lender.

3. The Debtor's Fraudulent Transfer Claim Is, or Is At Least Likely, Time-Barred, Prejudicing the Interests of the Creditors, Who Are Better Represented by De La Torre's UVTA Case

Mr. Reddam has statute of limitations defenses against the debtor in possession that are not applicable to the UVTA case. CashCall's distribution to Mr. Reddam occurred in October 2021, well over four years prior to the date this case was filed.

The UVTA imposes a general four-year statute of limitations. Cal. Civ. Code §3439.09(a),(b). De La Torre's UVTA case was filed in August 2024, well within the applicable four-year limitations period. Levy Dec. Ex. 20 (130:6-17; 131:1-25).

The debtor in possession's claim under section 544(b) is subject to statute of limitations defenses because the applicable state law limitations periods had run before July 20, 2026, the

date this case was filed.

As to actual fraud claims, section 3439.09(a) provides that action must be brought "not later than four years after the transfer was made or the obligation was incurred or, if later, not later than one year after the transfer or obligation was or could reasonably have been discovered by the claimant." CashCall could not claim discovery tolling because CashCall itself made the transfer in 2021.

As to constructive fraud, the UVTA does not allow any discovery tolling. The action must be brought "not later than four years after the transfer was made or the obligation was incurred." Civil Code § 3439.09(b). Therefore, any constructive fraud claim by the debtor in possession would also be time-barred.

Under section 548, there is a two-year look back period. This, too, had long expired as of the July 2026 filing date. CashCall is not entitled to any equitable tolling because it had full knowledge of the distribution at the time it was made and denied that it was voidable for nearly two years in the UVTA case.

Statute of limitations issues in any fraudulent transfer action by CashCall against Mr. Reddam will significantly reduce the settlement value of its fraudulent transfer case.

4. Allen Matkins's Hourly Fees For Services on the Fraudulent Transfer Claim Are Unnecessary Because De La Torre's Counsel Will Continue the UVTA Case Without Charging the Estate Anything for Services

The Allen Matkins firm proposes to charge the estate hourly rates of $896.75 for Mr. Fates and $715.50 for Mr. Mina. Dkt. 138 (¶ 16). Much of that expense as to the central $45 million fraudulent transfer claim would be avoided by granting De La Torre relief from stay.

On September 9, before the Allen Matkins retention application was filed, De La Torre's counsel proposed to Mr. Carroll that De La Torre's counsel take the fraudulent transfer case forward, as an alternative to hiring conflicts counsel on an hourly basis. Levy Dec. ¶ 41 & Ex. 18.

De La Torre's counsel will not charge the estate for past or further pursuit of the UVTA case and will look solely to the court in the De La Torre Class Action for compensation, from out of the recovery of the Class Judgment, and not from out of the proceeds of a damages aware on

the UVTA claim. Levy Dec. ¶¶ 39, 40. They will submit, as a condition of relief from stay, to this Court's jurisdiction over the gross proceeds from a UVTA Judgment or settlement. *Ibid*.

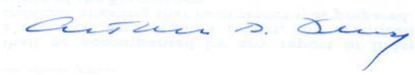
CONCLUSION

The retention of Allen Matkins as conflicts counsel on an hourly fee basis does not serve the best interests of creditors and the estate insofar as the debtor proposes Allen Matkins to render services in connection with the fraudulent transfer claim that the debtor offers as the centerpiece of its Chapter 11 case. The debtor's application to retain and employ Allen Matkins should be denied to that extent, and De La Torre's Motion for Relief from Stay should be granted.

Respectfully submitted,

Dated: September 29, 2026

LAW OFFICE OF ARTHUR D. LEVY



By:
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EDUARDO DE LA TORRE