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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 PROTECTION BUREAU'S PARTIAL JOINDER TO JUDGMENT CREDITOR EDUARDO DE LA TORRE'S MOTION TO DISMISS** Date: November 4, 2026 Time: 10 a.m. Dept: Two (2) Judge: J. Barrett Marum

Creditor Consumer Financial Protection Bureau (Bureau) hereby joins in part Judgment Creditor Eduardo De La Torre's Motion to Dismiss (Dkt. No. 127) (Motion). The Bureau concurs with the relief sought by De La Torre but does not join certain factual allegations in the Motion and in the Declaration of Arthur D. Levy (Dkt. No. 128) (Levy Declaration) filed in support of the Motion.

I. The Bureau's Claim Is Not Fully Secured

As much as the Debtor and other creditors in this bankruptcy case might like to proceed without the Bureau, that can't be accomplished by invoking the security package pledged by Mr. Reddam and Absolutely Zero and then proclaiming the Bureau fully secured. But De La Torre does just that. *See* Mot. 14 (Bureau's "Judgment … will be satisfied by Mr. Reddam's pledged assets and real estate."). As described in the Bureau's Objections to the DIP Financing Motion (Dkt. No. 56 at 3-4), fulfillment of the Pledge Agreement may not satisfy the Bureau's claim against the Debtor. As of July 2, 2026, the Pledged Account held approximately $144 million in assets. *See Merchants Bank of Indiana v. CFPB*, Compl. in Interpleader at 1, No. 2:26-cv-7259 (C.D. Cal. July 2, 2026) (Dkt. No. 1). That is not sufficient to cover what the Debtor owes: more than $182,050,978 (comprising the $134,058,600 restitution award, the $22,992,378 civil penalty, and the more than $25,000,000 in accrued post-judgment interest). Although Mr. Reddam also pledged to the Bureau as part of the security package deeds of trust for two parcels of real property, which were valued at $40.7 million in 2023, their valuation more than three years later will depend on market conditions at the time of sale and will be reduced by marketing and sales costs.

The Bureau has consistently communicated that the security package may not satisfy its claim in full. Indeed, contrary to the statement in the Levy Declaration that the Bureau's counsel "reported" at the August 26 hearing that the Bureau's judgment is "covered in full, or almost in full," Levy Decl. ¶ 54, counsel said just the opposite: the security package, even if executed on, will likely fall short of the Bureau's claim.[1]

In addition to the uncertainty about the ultimate value of the security package, there is the obdurate litigiousness of Mr. Reddam and the Debtor. De La Torre says that "[the Bureau's] Judgment will be satisfied in full by Mr. Reddam's pledged assets and

[1] *See* Dkt. No. 142-1 (Excerpts of Aug. 26, 2026 Hr'g Tr.) at 16-17.

real estate." Mot. 14. But—even assuming that were true—it is unclear when that will occur. Counsel for Mr. Reddam and CashCall has declared that his "clients" will appeal[2] their resounding loss in the district court, which ruled that their Fed. R. Civ. P. 60(b) motion "is simply an ill-conceived tactic designed to continue to delay the CFPB's enforcement of the Amended Judgment."[3] The Bureau will continue to aggressively pursue collection of its judgment from the security package and Reddam, but until the full judgment is collected, the Bureau has an unsecured claim in this case. And CashCall has made clear that it will attempt to impede that collection, even when doing so is to the detriment of the bankruptcy estate. It's entirely possible that the Bureau will still be attempting to collect its judgment long after the January 19, 2027 Bar Date for claims by governmental units[4] and other deadlines in this case have passed.[5]

Having clarified that the Bureau's claim is not satisfied as of this filing and that it is unlikely to be fully satisfied in the near future, the Bureau joins the arguments and the relief sought in the Motion.

II. This Case Should Be Dismissed as a Bad Faith Filing

De La Torre is correct in asserting that this case was filed in bad faith, concocted to preserve Mr. Reddam's personal wealth, not to serve the best interests of creditors. *See* Mot. 1 ("CashCall is judgment proof and has no collection exposure in either case. The opposite is true for Mr. Reddam, and that is what is driving this bankruptcy filing.").

First, the decision in *Banq, Inc. v. Creditor N9 Advisors, LLC*, No. 2:24-cv-02025-JAD, 2026 WL 2494827 (D. Nev. Aug. 24, 2026) is instructive and counsels in

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[2] *See* Dkt. No. 140-2 (Law 390 news article) at 2.
[3] *CFPB v. CashCall, Inc.*, No. 2:15-cv-07522-JFW (C.D. Cal.), Dkt. No. 436 at 3.
[4] Dkt. No. 23, Not. of Chapter 11 Bankr. Case, at 2 (setting January 19, 2027, as bar date for claims by governmental units).
[5] The Debtor correctly identifies the Bureau as an unsecured rather than a secured creditor, Dkt. No 124 (Am. SOFA) at pdf. p. 10, though it understates the amount of the claim.

favor of dismissal. In *Banq*, the district court affirmed dismissal of a bankruptcy case as a bad faith filing under the *St. Paul Self Storage* factors, upholding the bankruptcy court's findings that the non-operational debtor's bankruptcy filing was funded by the controlling shareholder's special purpose vehicle in order to benefit the controlling shareholder's litigation position and reduce his potential liability. *Id*. at *9-10. The court further affirmed that, despite the pendency of multiple litigation claims involving the debtor, the debtor's controlling shareholder, a major creditor, and debtor's former management, it was "in substance" a two-party dispute that could be resolved in other courts. *Id.* at *5, 8.

Finally, the *Banq* court found that although there were several other creditors in the bankruptcy case, they "were inactive or had a minimal stake," so that factor did not weigh against dismissal. *Id*. at *8. The same is true here, as explained in the Motion: Skadden Arps is inactive (and in any event has recourse against Mr. Reddam), and the remaining non-insider creditors have not appeared in the case and possess small claims. *See* Mot. 13-14, 22-24; Dkt. No. 124 at pdf. pp. 9-11 (listing all claims). Moreover, in the event of dismissal, smaller creditors can be repaid in full from resources already available to the Debtor. *See* Mot. 22-24.

Second, additional evidence of bad faith lies in the Debtor's failure – even after retention of supposedly independent fiduciaries – to abide by its fiduciary duty to creditors, including the duty to maximize the value of the bankruptcy estate. That is the subject of the Bureau's Motion for Reconsideration of the DIP Financing Order (Dkt. No. 140), which will be argued along with the Motion on November 4.

Third, at the September 17 status conference that occurred after the Motion was filed, the Debtor's counsel informed the Court that there was no evidence that the Debtor would be able to restart its business and that a sale of the Debtor's assets was the most likely outcome. So, the bankruptcy filing is no longer (if it ever was) a vehicle to rehabilitate the Debtor. Yet this case has become a Rube Goldberg machine in which a burgeoning number of paid professionals labor to produce nothing but constantly

amended financial reports and a fraudulent transfer claim that already existed (and was being litigated successfully by De La Torre's counsel). For instance, despite the Debtor's statement that one goal of this filing was to pursue recoveries for creditors from the Debtor's assets, the Debtor persistently refuses to provide any estimated values for the Debtor's assets. *See* Dkt. No. 124 at 4-5 (values of assets are described as "unknown"). Moreover, the Debtor and its professional Dundon Advisors failed to meet a Court-ordered deadline to disclose estimated values. *See* Dkt. No. 155 (Sept. 20, 2026 Order) at ¶ 3. In short, there is no indication that the petition was filed to "to effect[uate] a speedy, efficient reorganization on a feasible basis." *In re St. Paul Self Storage Ltd. P'ship*, 185 B.R. 580, 583 (B.A.P. 9th Cir. 1995). Rather, the Debtor depletes the assets of the estate with the retention of professionals who would not be needed absent the conflicts of interest that Mr. Reddam presents in this bankruptcy case due to his roles as director (at the time of the filing) and sole shareholder of the Debtor, sole owner of the DIP Lender, and defendant in the Fraudulent Transfer Case.

III. Dismissal Is Warranted

Dismissal, rather than conversion, is the correct remedy here. The two largest creditors in this case strongly prefer dismissal so that they can continue to exercise the remedies available to them in other forums. As described in the Motion, there is no impediment to liquidation outside of bankruptcy. *See* Mot. 22-24. Moreover, *all* creditors in the case, as well as the Bureau, have been adversely affected by the Debtor's insistence on litigating with Mr. Reddam to attempt to thwart the Bureau's execution on the security package, which would reduce its claim significantly. *See Kingsway Capital Partners, LLC, v. Sosa*, 549 B.R. 897, 904-05 (N.D. Cal. 2016) (holding dismissal was appropriate where debtor's behavior, including breaching its fiduciary duties to creditors, negatively impacted all creditors).

Dated: September 30, 2026

Respectfully submitted,

/s/ Mary K. Warren

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