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Consumer Financial Protection Bureau

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 REPLY BRIEF IN SUPPORT OF 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: November 12, 2026
Time: 8:30 a.m.
Dept: Two (2)
Judge: J. Barrett Marum

The Consumer Financial Protection Bureau (Bureau) respectfully submits this reply in support of its motion pursuant to Bankruptcy Rule 9024 (Dkt. No. 140) (Motion) for reconsideration of the Court's Order approving DIP Financing (Dkt. No. 113) (Order) and in response to Debtor's Opposition to the CFPB's Motion for Reconsideration (Dkt. No. 202) (Opposition).

I. Introduction

Critical to the Court's Order approving DIP Financing was the Debtor's reassurance that an independent director controlled all of the Debtor's decision-making. That has been proven false: clear and convincing evidence shows that the independent director, Mr. Jalbert, has not been in complete control of the Debtor's actions. That evidence includes the sworn testimony of the Debtor's proposed conflicts counsel and of Mr. Jalbert himself, filed on October 14.

Mr. Fates, the proposed conflicts counsel, states: "[A]fter the Debtor's bankruptcy petition was filed, counsel for Reddam filed an answer to the interpleader complaint on behalf of both Reddam and the Debtor, but did so *without the knowledge or consent of the Debtor's current management*." Dkt. No. 197 (Fates Declaration) ¶ 5 (emphasis added). Similarly, Mr. Jalbert states that "the two filings [identified by the Bureau in its Motion] were improperly filed by [counsel to Reddam and the Debtor]." Dkt. No. 202-1 (Jalbert Declaration) ¶ 9. That testimony confirms that Mr. Jalbert was not informed about and did not consent to those filings, and that he was not the one controlling the Debtor in those cases. These revelations are even more troubling given the fact that the Debtor's continued involvement in the Interpleader Action will expend resources of the estate without any possible upside to the Debtor. Such involvement does, however, align with *Reddam's* efforts to delay the Bureau's ability to execute on *his* assets in the pledged account.

The Debtor fails even to acknowledge the shocking nature of the new

disclosures. Avoiding the details, the Debtor argues *inter alia* that the misrepresentation about Mr. Jalbert being in charge was a mistake not warranting relief, that the Bureau is rehashing prior arguments, that reconsideration is inequitable because third-party professionals have been retained in reliance on the DIP Financing, and that the Bureau should have questioned Mr. Jalbert under oath at the final hearing on DIP Financing in August 2026 at which he was not present. These arguments are unconvincing. Whether the Debtor's misrepresentation or misconduct was intentional is irrelevant, as the false impression that the Debtor created was material to the Order. The Debtor's claim that the Bureau is rehashing old arguments is contradicted by the sworn testimony submitted by Mr. Fates and Mr. Jalbert. Moreover, the Debtor and Mr. Reddam have sufficient resources to reimburse the Debtor's professionals for work done to date, and the Debtor's budget is not a vested right. Finally, the Bureau could not have questioned Mr. Jalbert at the August hearing because he was an unexplained absentee.

The Court should not ignore the mounting evidence of the Debtor's material misrepresentation or misconduct, nor should it discount the worrisome possibility that Mr. Jalbert is being kept in the dark about other matters relevant to the Debtor's finances, management, and litigation strategy.

II. Argument

A. New evidence confirms that someone other than Mr. Jalbert has been making litigation decisions for the Debtor and justifies reconsideration.

The evidence revealed the week before last establishes that the Bureau was unable to "fully and fairly present[]" its case for denying the DIP Financing Motion within the meaning of Rule 60(b)(3), and reconsideration is thus proper. *See* Mot. 7. Sworn statements of the Debtor's own representatives prove that Mr. Jalbert was entirely ignorant of the Debtor's activities in the Interpleader Action and the

Enforcement Action. *See supra* at 2. Had the Bureau known about and been able to present that information to the Court, the Court likely would *not* have found that Mr. Jalbert was in control of the Debtor. *See* Dkt. No. 126 (Mem. Decision) at 11 (citing Mr. Reddam's resignation letter for the proposition that he "will have no further involvement in the Debtor's ongoing operational and/or litigation decisions."). Contrary to the Debtor's assertion (Opp. 6), the Bureau did not "already ma[k]e" that argument prior to the Court's entry of the Order.

Moreover, the Debtor's repeated assurances that Mr. Reddam is not making litigation decisions for the Debtor (*see, e.g.*, Opp. 4, 9, 10, 11)—decisions that coincidentally align with Mr. Reddam's personal interests—are unavailing. As Mr. Jalbert was completely in the dark when such decisions were being made, it is far from clear how he has personal knowledge that Mr. Reddam was not the one making them. And even if that self-serving assertion were true, it begs the question of who else decided to file pleadings on behalf of the Debtor in the Interpleader Action and Enforcement Action. Neither the Debtor nor Mr. Jalbert discloses that very pertinent information. Regardless, it obviously was not the one person who told the Court he had sole authority to make such decision, Mr. Jalbert.

The record establishes that nobody informed Mr. Jalbert about CashCall's litigation filings until very recently when the Bureau put them at issue. *See* Jalbert Decl. ¶ 9 ("[W]hen the CFPB's motion raised this issue, … I asked [counsel to withdraw CashCall's Answer]."). Remarkably, CashCall's (and Reddam's) litigation counsel did not even know that an independent director of CashCall existed until the Debtor's new proposed conflicts counsel told him. *Id*. ("[Counsel] did not realize that the Debtor was managed by an independent director….") There would be no reason to keep Mr. Jalbert in the dark other than that Mr. Reddam did not intend to cede full and complete control.

B. Reconsideration is warranted based on the Debtor's material misrepresentation to the Court regarding the "sole" nature of Mr. Jalbert's authority or the Debtor's misconduct in continuing to litigate without Mr. Jalbert's knowledge and approval.

The Debtor argues the Bureau is seeking reconsideration based on the Debtor's choice of litigation strategy. *See* Opp. 7 ("The CFPB alleges that the Debtor engaged in misrepresentation and/or misconduct by 'continu[ing] to pursue litigation tactics intended to frustrate the Bureau's execution on the security package.'"). That strawman is not the Bureau's argument. The Bureau argues that the Debtor misled the Court by presenting Mr. Jalbert as the sole decision-maker in the wake of Mr. Reddam's resignation, which subsequent evidence has shown is not true. The Debtor's representation of Mr. Jalbert's authority foreseeably led the Court to conclude that only Mr. Jalbert was in control of the Debtor's affairs, a conclusion that was foundational to the Court's Order. *See* Mem. Decision 11-12. The Debtor's litigation tactics simply brought to light the reality lurking below the surface—that Mr. Jalbert was not calling all the shots. Moreover, those litigation tactics are an example of the harms to creditors that are resulting from the Debtor continuing to serve Reddam's personal interests even after Mr. Jalbert became the sole director.

Notably, the Bureau need not show that the Debtor's misrepresentation of Mr. Jalbert's authority or the Debtor's misconduct was intentional. *See Roditi v. New River Invs. Inc.*, No. 20-cv-01908-RBM-MSB, 2025 WL 345926, at *3 (S.D. Cal. Jan. 29, 2025) ("the Ninth Circuit has recognized negligent misrepresentations may warrant relief"); *see also Jones v. Aero/Chem Corp.*, 921 F.2d 875, 879 (9th Cir. 1990) (to demonstrate "misconduct" under Rule 60(b)(3), a party need not present "proof of nefarious intent .... Accidents—at least avoidable ones—should not be immune from the reach of the rule.") (citation omitted). Whether deliberately or not, the Debtor obtained the Order unfairly by portraying the resignation of Mr. Reddam

and the installation of Mr. Jalbert as sole director as empowering Mr. Jalbert, and only Mr. Jalbert, to manage *all* the Debtor's affairs. He undeniably was not, as his own declaration and that of Mr. Fates establishes.

C. The Debtor has no legitimate reason to participate in obstructing the Bureau's execution on the security package in which it has no stake.

The Bureau explained in its Motion the ways in which the Debtor's collaboration with Mr. Reddam in the Enforcement Action and Interpleader Action violates its duties to creditors. Mot. 7-9. The Debtor now suggests that CashCall's involvement in those actions may be a "benefit" for the estate. Opp. 8. That is despite Mr. Jalbert's opinion that CashCall's filing of the interpleader Answer and the reply brief in support of the Rule 60(b) motion were "improper," Jalbert Decl. ¶ 9, and despite his statement that "we have not reached a decision regarding the [Enforcement] and Interpleader Actions." *Id*. ¶ 10. The Debtor goes further than Mr. Jalbert does when it argues that "abandoning those proceedings" could expose the Debtor to "criticism for surrendering potentially valuable claims, defenses, or appellate rights." Opp. 8 n.2.

The Debtor's argument makes no sense. The Debtor has no stake in the security package that is the subject of the Interpleader Action. The Debtor has admitted that. *See* Opp. 8 ("The collateral [that comprises the security package] is fully accounted for and belongs to Mr. Reddam."); Oct. 26, 2026 Declaration of Mary K. Warren, Ex. A (Aug. 30, 2026 email from Debtor's counsel to Bureau's counsel) (Mr. Carroll stating, "The [automatic] stay ... does not affect [the Bureau's] right to proceed against the collateral [in the Interpleader Action], as CashCall is not a party to the security agreement where the cash collateral is held."). So have the Debtor's professionals, who have never included the security package as even a "potential" claim or asset of the Debtor in the Debtor's Statement of Financial Affairs

or in their declarations. *See, e.g.*, Dkt. Nos. 6, 124. The only outcome in the Interpleader Action that benefits the Debtor is the Bureau prevailing—the very outcome the Debtor has opposed. If the Bureau prevails, it will receive *Reddam's* money pledged as an appeal bond and its claim against the Debtor will be vastly reduced. On the other hand, if Reddam prevails, *he* will keep the funds in the pledged account, the Bureau will continue to pursue *him* personally for those funds, and the Debtor will still have no legally cognizable claim to them. In no scenario could the Debtor be "surrendering valuable claims" by declining to participate in the Interpleader Action. Rather, the sole reason for the Debtor to continue its involvement in that case is to invite confusion as to whether the case can move forward due to the automatic stay and thus to delay the Bureau's ability to obtain *Reddam's* assets in the pledged account.

Nor is there any need for the Debtor to participate in any appeal or other procedural maneuver concerning the Rule 60(b) motion because Reddam will do that, and any (unlikely) success he has in reducing the Bureau's judgment would redound to the benefit of the Debtor. In short, there is no reason why the Debtor should expend funds of the estate on Mr. Fates's representation of CashCall in the two actions. Doing so would appear to benefit only Mr. Reddam.

D. Neither events since the DIP Financing Order nor Debtor's counsel's decision not to bring Mr. Jalbert to testify at the August 26 hearing should prevent the Court's reconsideration.

The Debtor identifies several "circumstances arising since entry of the DIP Order" that it contends "independently warrant denial or reconsideration." Opp. 12-15. The Debtor also argues that the Bureau should have questioned Mr. Jalbert previously, at a hearing he did not attend. These arguments wither under scrutiny.

First, the Debtor argues that reconsideration should be denied because it is

seeking to employ or has employed professionals. Opp. 13-14. But no rights have vested in those professionals whose retention has not been approved by the Court, and the professionals who have been approved have no guaranteed right to compensation. *See Matter of Futuronics, Inc.*, 5 B.R. 489, 496-97 (S.D.N.Y. 1980) ("It has long been an accepted principle that final compensation of counsel in a bankruptcy proceeding is subject to the approval of the Bankruptcy court.") (citing *The Official Creditors' Committee of Fox Markets, Inc. v. Ely,* 337 F.2d 461, 496 (9th Cir. 1964)); 11 U.S.C. § 330(a)(1); Dkt. No. 154 (Order approving retention of Dundon Advisers) at 2 ("all compensation and reimbursement of expenses payable to Dundon shall remain subject to this Court's approval pursuant to the Bankruptcy Code.").

Mr. Reddam paid the professionals $595,000 in pre-filing retainers, so they can collect their fees from those funds. *See* Dkt. No. 124 (Am. SOFA) at pdf pp. 20-21. Moreover, if Mr. Reddam caused Absolutely Zero to pay the $3,000,000 it owes to the Debtor, the estate would have plenty of funds to pay professionals and other expenses of the case. Ms. Gladstone testified at the Section 341 meeting of creditors that $3,000,000 of the account receivables listed in the Debtor's Statement of Financial Affairs consists of money owing to the Debtor from Absolutely Zero, Mr. Reddam's wholly-owned company. *See* Am. SOFA at pdf p. 4; Warren Decl. ¶¶ 5-7.[1]

The Debtor's budget is a planning document, not a vested right. The cases cited by the Debtor do not suggest otherwise. In *In re Old Carco* for example (*see* Mot. 13), the court found that intervening rights had vested not because the Debtor

[1] A declaration by a participant in a Section 341 meeting of creditors recounting what was said at the meeting is admissible evidence. *Chubb & Son, Inc. v. Clark (In re Clark)*, 262 B.R. 508, 511 n.4 (B.A.P. 9th Cir. 2001) (bankruptcy court erred in refusing to consider declarations of creditors' counsel describing what occurred at Sec. 341 meeting of creditors as such evidence is equally as admissible as the tape recording of the meeting), citing *United States v. Gonzales-Benitez*, 537 F.2d 1051, 1053 (9th Cir. 1976).

had negotiated a budget with its lender, but because a Plan had been formulated and a disclosure statement related to that Plan had been approved by the court. 423 B.R. 40, 56-57 (S.D.N.Y. 2010). That is not the situation here. Debtor cites no other apposite case for this argument. The Debtor yet again summons the bogeyman that no other source of DIP Financing exists, Opp. 15, but the real question is why this bankruptcy case is permitted to continue when Debtor's counsel has stated that the Debtor cannot reorganize and its only available financing is from its sole shareholder who is conflicted.

Second, the Debtor contends that the relief sought by the Bureau is disproportionate to its "weak showing." Opp. 14-15. But the Bureau has identified clear and convincing evidence from the Debtor's representatives themselves that Mr. Jalbert was not making key decisions and apparently cannot say who was. The only "weak showing" is the Debtor's, as it decided to completely ignore in its briefing the salient fact that Mr. Jalbert was in the dark about the Debtor's litigation activities. The Debtor does not address that fact, nor how or why that came to be, instead brushing off the unapproved filings as a "mistake." Notably, Debtor's counsel and Ms. Gladstone were sitting in the courtroom on August 26 while the Bureau argued that the Debtor's litigation filings were a breach of its duties to creditors, and apparently neither saw fit to inform Mr. Jalbert about those litigation filings, as he asserts he did not learn about them until some time after the Bureau submitted its Motion. *See* Jalbert Decl. ¶ 9. Now the Debtor and Mr. Jalbert are hedging about what the Debtor will do next and causing additional delay, which is exactly the strategy *Reddam* has been pursuing in advance of his personal interests. *See* Order Denying Defs.' Mot. for Relief from the Post-Remand J., *CFPB v. CashCall, Inc.*, No. 2:15-cv-07522-JFW (C.D. Cal. Sep. 11, 2026) (Dkt. No. 436) (describing Reddam's Rule 60(b) motion as "simply an ill-conceived tactic designed to continue

to delay the CFPB's enforcement of the Amended Judgment").

Finally, the Debtor audaciously suggests that the Bureau should have uncovered the Debtor's misrepresentations by questioning Mr. Jalbert at the final hearing on DIP Financing in August. *See* Mot. 10. Yet, despite the fact that Mr. Jalbert was the Debtor's decisionmaker as to the DIP Financing and the fact that the Bureau had directly questioned the true scope of his authority, *the Debtor did not bring him to the August 26 hearing*. *See* Warren Decl. Ex. B., Excerpts of Aug. 26, 2026 H'ring Tr., at 37 (Court asking whether Mr. Jalbert is in the courtroom; Debtor's counsel replying "he's not here."). Thus, the Court could not find any facts directly from the putative decision-maker. Nor could any request for a continuance have made a difference here. At the hearing, the Court denied even the modest request of De La Torre's counsel for time to review the proposed new DIP terms and stated there would be no further briefing on the DIP Financing after the hearing. *Id*. at 52-53. Presumably the Court was concerned about the impending expiration of the interim DIP Financing; regardless, Mr. Jalbert was not present for questioning when needed. In any case, Mr. Jalbert has offered to testify in his declaration filed last week, *see* Jalbert Decl. ¶ 13 ("I am willing to provide testimony . . . about my decision making since Mr. Reddam's resignation."). The Court and creditors should hear his testimony about any subjects relevant to the DIP Financing and the scope of his authority.

Conclusion

For the foregoing reasons, the Court should reconsider and set aside its order approving the DIP Financing Motion.

Dated: October 27, 2026

Respectfully submitted,

/s/ Mary K. Warren

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA

In re:

CashCall, Inc.

Debtor-in-Possession.

CASE NO.: 26-03102-JBM11

DECLARATION OF MARY K. WARREN IN CONNECTION WITH CREDITOR CONSUMER FINANCIAL BUREAU'S REPLY BRIEF IN SUPPORT OF 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: November 12, 2026
Time: 8:30 a.m.
Dept: Two (2)
Judge: J. Barrett Marum

I, Mary K. Warren, declare and state:

1. I am a Senior Litigation Counsel at the Consumer Financial Protection Bureau (Bureau), a creditor in this bankruptcy case. I am admitted to practice in the State of New York, the U.S. District Court for the Southern District of New York, the U.S. District Court for the Eastern District of New York, and other federal district and appellate courts. I am admitted to this District pursuant to the Federal Attorney registration process on PACER.

2. I submit this declaration in connection with the Bureau's reply brief in support of its Rule 9024 motion to reconsider the DIP Financing Order. I have personal knowledge of the facts set forth herein.

3. Attached as Exhibit A is a true and correct copy of an August 30, 2026 email from Debtor's counsel Schuyler Carroll to me and my colleague Christina Coll.

4. Attached as Exhibit B are true and correct excerpts from the transcript of the August 26, 2026 hearing before the Bankruptcy Court.

5. As counsel for a creditor in this case, I attended the telephonic Section 341 meeting of creditors during both of its sessions on August 28 and October 15, 2026. Ms. Gladstone was the Debtor's witness.

6. During both sessions, the U.S. Trustee's representative, Ms. Hong, questioned Ms. Gladstone about the assets and liabilities described in the Debtor's Statement of Financial Affairs (SOFA) (ECF No. 124). In particular, the SOFA states the Debtor has accounts receivable of $4,477,289.56. *Id*. at pdf p. 4. Ms. Gladstone testified at the August 28 session that $3,000,000 of that amount consists of money owing to the Debtor by Mr. Reddam's wholly-owned company Absolutely Zero. She testified that the remainder of the accounts receivables were amounts due on the Debtor's loan portfolio.

7. Ms. Gladstone further testified at the October 15 session that the Debtor expected the $3,000,000 to be repaid, but did not know when that would occur.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed on October 27, 2026, in Washington, D.C.

/s/ Mary K. Warren
Mary K. Warren
Senior Litigation Counsel

EXHIBIT A

Coll, Christina (CFPB)

From: Carroll, Schuyler <SCarroll@manatt.com>
Sent: Sunday, August 30, 2026 5:59 PM
To: Warren, Mary (CFPB)
Cc: Coll, Christina (CFPB); Quaranto, Maggie (CFPB)
Subject: RE: In re CashCall, Inc., No. 26-03102-JBM11 (Bankr. S.D. Cal.)

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The stay does apply to the enforcement action but does not affect your right to proceed against the collateral, as CashCall is not a party to the security agreement where the cash collateral is held.

Schuyler Carroll
Partner

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From: Warren, Mary (CFPB) <Mary.Warren@cfpb.gov>
Sent: Thursday, August 27, 2026 5:30 PM
To: Carroll, Schuyler <SCarroll@manatt.com>
Cc: Coll, Christina (CFPB) <Christina.Coll@cfpb.gov>; Quaranto, Maggie (CFPB) <Maggie.Quaranto@cfpb.gov>
Subject: In re CashCall, Inc., No. 26-03102-JBM11 (Bankr. S.D. Cal.)

[EXTERNAL] Please do not reply, click links, or open attachments unless you recognize the source of this message and know the content is safe.

Schuyler – It was good to see you yesterday. Returning to the topic of the automatic stay, it appears that the Debtor does not believe the stay applies to the Bureau's enforcement action, *CFPB v. CashCall, Inc.*, No. 2:15-cv-07522-JFW (C.D. Cal. Feb. 21, 2023). Despite the Debtor's filing of a notice of bankruptcy case and stay in that litigation, the Debtor has filed two pleadings in the action since the Chapter 11 bankruptcy case began. *See id.* (Dkt. Nos. 422, 428). Given the Debtor's continued participation in the enforcement action, the Bureau will assume there is no dispute that the stay does not apply to the enforcement action unless we hear otherwise from you by COB tomorrow.

Regards,

Mary

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EXHIBIT B

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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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.

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

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7227 N. 16th Street, Suite #207

Phoenix, AZ 85020

Date: Tuesday, September 1, 2026