TENTATIVE RULING

ISSUED BY JUDGE J. BARRETT MARUM

Case Name:	CASHCALL, INC.
Case Number:	26-03102-JBM11
Hearing:	November 12, 2026, at 8:30 a.m.
Motion:	APPLICATION FOR ENTRY OF AN ORDER (I) AUTHORIZING AND APPROVING THE APPOINTMENT OF MANATT, PHELPS & PHILLIPS, LLP AS COUNSEL TO THE DEBTOR; AND (II) GRANTING RELATED RELIEF

Hear. The Court has reviewed the Supplemental Brief in Support of Application to Employ Manatt, Phelps & Phillips, LLP as Counsel to the Debtor (ECF No. 194), the Declaration of Schuyler G. Carroll in support thereof (ECF No. 195), and the United States Trustee's Response to Manatt's Supplemental Brief (ECF No. 221), filed in response to the Court's Order Directing Supplemental Briefing (ECF No. 152) on the Application to Employ Manatt, Phelps, & Phillips, LLP as Debtor's Counsel.

For the reasons stated below, the Court will **HEAR** arguments as discussed further below.

Analysis

In support of its Supplemental Brief, Manatt submitted the declaration of Schuyler G. Carroll. Mr. Carroll testifies in his declaration that Manatt represented Absolutely Zero Corporation f/k/a: Owning Corporation between June 2019 and July 2, 2026, the date of petition. Absolutely Zero is a Reddam owned and controlled entity, and the Debtor's DIP finance lender.

In its Supplemental Brief, Manatt argues that its representation of the Debtor is successive to its representation of Reddam and not concurrent, such that the analysis in *In re Project Orange Assocs. LLC* and *WM Distribution Inc.* – both of which involved concurrent representation – are inapplicable to this case. According to Manatt, where the representation is successive the employment of conflicts counsel provides a basis to resolve the conflict of interest.

Manatt also asserts that "[t]he matters for which the Debtor proposes employing Allen Matkins are not 'central' to the bankruptcy case." ECF No. 194 at 9. In doing so, it acknowledges that "[t]he Debtor proposes retaining Allen Matkins for the sole, limited purpose of investigating and prosecuting the Estate's causes of action against Mr. Reddam and his affiliate entities." *Id*. Manatt asserts that Allen Matkins' role will be limited to this special purpose and litigation role, "which is often performed by non-general bankruptcy counsel." *Id*.

In her Response, the United States Trustee points out that based on Mr. Carroll's recent declaration, it appears that Manatt concurrently represented the Debtor and Absolutely Zero at

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the time that the Debtor sold portions of its loan portfolio to Absolutely Zero in May and June 2026, and during the time that Absolutely Zero was in discussions to provide the DIP financing to the Debtor. ECF No. 221 at 5.

The United States Trustee also argues that conflicts counsel cannot cure Manatt's conflict regarding Reddam because based on the United States Trustee's analysis of the Debtor's schedules, SOFA, pleadings, and other evidence including the Hurwitz declaration, it appears that the Debtor may have the potential to recover roughly $52,540,829.26 in claims against Reddam and other Reddam controlled entities. ECF No. 221 at 7. In contrast, the total amount of potential assets not related to Reddam is roughly $1,431,849.06. The United States Trustee thus argues that the central issues to the Debtor's reorganization directly involve Reddam and Reddam's entities.

The Court notes that, finally, on November 10, 2026, counsel for Reddam and Absolutely Zero filed a Status Report regarding the Substitution of Attorney in the Orange County Superior Court action. ECF No. 246. Attached to the report is a copy of the Substitution of Attorney, which was docketed in the state court action on October 21, 2026. So it appears that the end of Manatt's representation of Reddam in the Orange County Superior Court action is finally reflected in that matter, as of September 22, 2026 pursuant to counsel's Status Report, or two months post-petition.

The Court finds troubling the lack of certain disclosures in connection with Manatt's representation of Reddam and other Reddam controlled entities – in particular, Absolutely Zero, which is the Debtor's DIP financing lender.

At the hearing, the Court requests that Manatt specifically address certain disclosure issues. In particular, prior to its disclosure in Mr. Carroll's Declaration filed at ECF No. 195, had Manatt previously disclosed its representation of Absolutely Zero to this Court? Mr. Carroll testifies that Manatt's representation of Absolutely Zero terminated on July 2, 2026. Did Mr. Carroll mean July 2 or July 20 (date of petition)? Do Mr. Carroll and/or Manatt have documentary evidence in support of its termination of representation of Absolutely Zero?

What specific date did Manatt last bill for services rendered to Reddam in connection with the Orange County Superior Court action?

Manatt's engagement agreement with the Debtor is dated June 30, 2026. ECF No. 42-4. Did Manatt render any legal services to the Debtor prior to the date of this letter?

The parties should address the United States Trustee's assertion that the Debtor has significant potential claims against Reddam and Reddam-controlled entities. Does the amount of potential recovery against Reddam and the Reddam-controlled entities make those potential claims a central to the Debtor's reorganization efforts?

The Court understands Manatt's point is that the centrality cases dealt with concurrent representations, however, it is not clear to the Court that is the end of the analysis. Instead, it seems clear that Manatt could not represent the Debtor in a lawsuit against Reddam to recover

the alleged fraudulent transfers as that successive representation would plainly be barred under California law. Thus, isn't the centrality analysis still a useful framework through which to analyze the potential successive representation? In other words, it seems to the Court that it may not matter whether Manatt cannot perform the work at issue due to a concurrent or successive representation; instead, it seems the issue is simply that a conflict prevents Manatt from doing that work.

Finally, litigation claims like those against Reddam and the Reddam-controlled entities are very frequently handled by special litigation counsel and are often litigated for the benefit of creditors in a liquidating case like this case appears to occur after the Court has confirmed the reorganization plan. If that is true, how are such claims central to the Debtor's efforts to reorganize/liquidate? Their outcome may certainly have an outsized impact on creditor recoveries in this case, but it seems unlikely that their outcome will dictate whether the Debtor can confirm a reorganization plan in this case.