RAINES FELDMAN LITTRELL LLP
Kyra E. Andrassy, State Bar No. 207959
kandrassy@raineslaw.com
Stephen M. Mott, State Bar No. 362642
smott@raineslaw.com
4675 MacArthur Court, Suite 1550
Newport Beach, CA 92660
Telephone: (310) 440-4100
Facsimile: (310) 691-1943

[Proposed] Counsel for Allstate Lending Group, Inc.
and Allstate Lending Group Servicing LLC

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re: ALLSTATE LENDING GROUP, INC. *et al.* Debtors.	Case No. 2:26-bk-11879-NB Chapter 11 Jointly Administered with: Case No. 2:26-bk-11882-NB **DEBTORS' *EX PARTE* MOTION FOR ORDER EXTENDING TIME FOR DEBTORS TO FILE SCHEDULES OF ASSETS AND LIABILITIES AND STATEMENTS OF FINANCIAL AFFAIRS, AND ALL OTHER REQUIRED DOCUMENTS; DECLARATION OF HOWARD GROBSTEIN IN SUPPORT**
☒ Affects All Debtors ☐ Affects Allstate Lending Group, Inc. Only ☐ Affects Allstate Lending Group Servicing LLC Only	[No Hearing Required Pursuant to LBR 1007-1(b) and 9013-1(p)(1)]

TO THE HONORABLE NEIL W. BASON, UNITED STATES BANKRUPTCY JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE AND ALL INTERESTED PARTIES:

Pursuant to 11 U.S.C. § 521, Rule 1007(c) of the Federal Rules of Bankruptcy Procedure ("**Bankruptcy Rules**") and Rules 1007-1(b) and 9013-1(p)(1) of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central District of

California (the "**Local Rules**"), Allstate Lending Group, Inc. ("**ALGI**") and Allstate Lending Group Servicing, LLC ("**ALGSL**"), the debtors and debtors-in-possession (collectively, the "**Debtors**"), hereby file this *ex parte* motion (the "**Motion**") for the entry of an order extending the time within which the Debtors must file their Schedules of Schedules of Assets and Liabilities ("**Schedules**"), Statement of Financial Affairs ("**SOFA**"), and any other documents required to be filed or that is the subject of any case commencement deficiency notice (collectively with the Schedules and SOFA, the ("**Required Documents**"). The Debtors commenced their bankruptcy cases on February 27, 2026. The Required Documents are currently due on March 13, 2026. By this Motion, the Debtors requests an extension of sixty (60) days, through and including May 12, 2026, to file the Required Documents.

I. <u>STATEMENT OF FACTS</u>

On February 27, 2026 ("**Petition Date**") the Debtors filed voluntary petitions under Chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses, managing their financial affairs and administering their bankruptcy estates as debtors-in-possession pursuant to Section 1107 and 1108 of the Bankruptcy Code. Howard Grobstein is the Chief Restructuring Officer.

ALGI acted as both a mortgage broker and a lender for short term construction and hard money loans. For the short-term loans, it typically solicited investments from third parties who expected to be assigned fractional interests in the note and the deed of trust securing the note. ALGSL serviced those same short-term loans. ALGI is owned jointly by Michael Scannell and Ken Rubendall. ALGSL is owned by Michael Scannell.

In January 2026, ALGI notified its investors and lenders that it had identified some financial discrepancies, including misappropriation of some lender/investor funds, undisclosed loan payoffs, and inaccurate financial reporting. In early February 2026, ownership of both entities agreed to retain Howard Grobstein as their chief restructuring officer and Grobstein Teeple as forensic accountants. Mr. Grobstein is in sole control of the Debtors' bank accounts and their books and records and has authority to manage and control the Debtors' businesses. Because of pending litigation and notices of termination of ALGSL's servicing contracts and in order to provide a forum where the interests of all constituents would be protected, the Debtors filed chapter 11 petitions. ALGI is no longer providing any loan brokerage services and is not soliciting new investments or making new loans. ALGSL will continue to provide servicing to its existing customers. Grobstein Teeple intends to conduct a forensic accounting to identify any misappropriated funds and to determine how investor funds were utilized, and this analysis will help determine the Debtors' exit strategies for their cases.

The Debtors have been engaged in, among other things, preparing administrative compliance materials and providing them to the United States Trustee, preparing, filing and obtaining Court approval of a motion to keep prepetition accounts open to accept payments from borrowers and payoffs of loans.

The Debtors request an extension of time to file the Required Documents in order to allow the Debtors additional time to prepare as complete and accurate a set of Required Documents as possible. The Debtors' books and records consist of some electronic spreadsheets and approximately 75 banker's boxes of records, including loan files. Its books and records, including the tracking of outstanding loans, were not computerized. Because of the state of the books and records, the identification of assets, the amounts put in by investor/lenders, the status of the various loans and liens, and identification of other liabilities is not going to be a simple process. The Debtors' current focus is on identifying the outstanding loans, the identification of the assignees of the loans, determining the status of recording of any assignments, and determining what payments have and have not been made. This process has been time consuming because it requires a review of the physical loan files, verification of payment information provided by borrowers, and a review of title reports. However, it is critical to servicing the loans. Once this process is complete, the Debtors will turn towards preparation of the Required Documents, which themselves will require a significant amount of time.

II. DISCUSSION

A. Cause Exists to Grant an Extension of Time to File the Required Documents

11 U.S.C. § 521(a) provides in relevant part:

> (a) The debtor shall –
> (1) File –
> (A) a list of creditors; and
> (B) unless the court orders otherwise –
> (i) a schedule of assets and liabilitites;
> (ii) a schedule of current income and current expenditures;
> (iii) a statement of the debtor's financial affairs . . .[.]

11 U.S.C. § 521.

Bankruptcy Rule 1007(c) provides that, "[i]n a voluntary case, the schedules, statements, and other documents shall be filed with the petition or within 14 days thereafter.[.]" Fed. R. Bankr. P. 1007(c). Under Bankruptcy Rule 1007(c), the current deadline for the Debtor to file its Required Documents is March 13, 2026.

An extension of the foregoing deadline is contemplated for cause by Bankruptcy Rule 1007(c). Specifically, Bankruptcy Rule 1007(c) states that "any extension of time to file schedules, statements, and other documents may be granted only on motion for cause shown and on notice to the United States Trustee, any committee elected under § 705 or appointed under § 1102 of the Code, trustee, examiner, or other party as the court may direct."

The Debtors respectfully submit that there is cause for the Court to extend the deadline by which the Debtors must file its Required Documents. The Debtors' books and records consist mostly of physical files, which makes everything more time consuming and which requires verification of information from other sources. For instance, the loan files do not contain payment information, so the Debtors must obtain information from the borrowers regarding what payments they claim have been made and then verify that information against the Debtors' banking records. Moreover, the Debtors are now under the guidance of Mr. Grobstein, who lacks any historical knowledge of the Debtors' operations. Although the Debtors' owners have made themselves available as questions arise, given the situation, Mr. Grobstein cannot rely solely on information provided by them and must instead verify what he is told. The process is time-consuming. The Debtors did timely submit their 7-day packages and will timely comply with the requirements of the Office of the United States Trustee, but require additional time to prepare the Required Documents so that they are as accurate as possible.

Furthermore, the Debtors do not believe that any of their creditors will be prejudiced by the extension of time requested herein, and will instead benefit by having accurate documents to review.

B. The Debtors Have Complied With The Procedural Requirement For This Motion.

Pursuant to Bankruptcy Rule 1007(c), the Debtors have provided notice of this Motion to the United States Trustee. Pursuant to Local Rule 1007-1(b), the Motion (i) provides the date on which the Debtors' bankruptcy petitions were filed and the proposed extended deadline for filing the Required Documents; (ii) is supported by a signed declaration, and (iii) contains a proof of service of this Motion on the United States Trustee and all creditors.

III. CONCLUSION

Wherefore, the Debtors respectfully request that the Court enter an order, in substantially the form lodged concurrently herewith:

1. granting the motion;
2. extending the deadline by which the Debtors must file their Required Documents from March 13, 2026 to and including May 12, 2026; and
3. granting such other and further relief as the Court may deem fair and appropriate under the circumstances.

DATED: March 10, 2026

RAINES FELDMAN LITTRELL LLP

By: */s/ Kyra E. Andrassy*
Kyra E. Andrassy
Stephen M. Mott
Counsel for Allstate Lending Group, Inc.

DECLARATION OF HOWARD GROBSTEIN

I, Howard Grobstein, declares as follows:

1. I am the Chief Restructuring Officer for Allstate Lending Group, Inc. ("ALGI") and Allstate Lending Group Servicing LLC ("ALGSL"), the debtors and debtors-in-possession in the above captioned case (the "Debtors"). I know each of the following facts to be true of my own personal knowledge, except as otherwise stated and, if called as a witness, I could and would competently testify with respect thereto. I make this declaration in support of the *Debtors' Ex Parte Motion for Order Extending Time for Debtor to File Schedules of Assets and Liabilities and Statement of Financial Affairs, and All Other Required Documents* (the "Motion"). Unless otherwise defined in this declaration, all terms defined in the Motion are incorporated herein by this reference.

2. In my capacity as Chief Restructuring Officer for the Debtors, I have access to the Debtors' books and records and am in the process of becoming familiar with the organization, operations and financial condition thereof. The statements set forth herein are based on my own personal knowledge, as well as my own review and knowledge of the Debtors' books and records.

3. On February 27, 2026 ("**Petition Date**"), Allstate Lending Group, Inc. ("**ALGI**") and Allstate Lending Group Servicing, LLC ("**ALGSL**") (collectively, the "**Debtors**") filed voluntary petitions under Chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses, managing their financial affairs and administering their bankruptcy estates as debtors-in-possession pursuant to Section 1107 and 1108 of the Bankruptcy Code.

4. ALGI acted as both a mortgage broker and a lender for short term construction and hard money loans. I am informed that for the short-term loans, it typically solicited investments from third parties who expected to be assigned fractional interests in the note and the deed of trust securing the note. ALGSL serviced those same short-term loans. ALGI is owned jointly by Michael Scannell and Ken Rubendall. ALGSL is owned by Michael Scannell.

5. In January 2026, ALGI notified its investors and lenders that it had identified some financial discrepancies, including misappropriation of some lender/investor funds, undisclosed loan payoffs, and inaccurate financial reporting. In early February 2026, ownership of both entities agreed to retain me as their chief restructuring officer and Grobstein Teeple as forensic accountants. I am in sole control of the Debtors' bank accounts and their books and records and have authority to manage and control the Debtors' businesses. Because of pending litigation and notices of termination of ALGSL's servicing contracts and in order to provide a forum where the interests of all constituents would be protected, the Debtors filed chapter 11 petitions. ALGI is no longer providing any loan brokerage services and is not soliciting new investments or making new loans. ALGSL will continue to provide servicing to its existing customers. Grobstein Teeple intends to conduct a forensic accounting to identify any misappropriated funds and to determine how investor funds were utilized, and this analysis will help determine the Debtors' exit strategies for their cases.

6. The Debtors have been engaged in, among other things, preparing administrative compliance materials and providing them to the United States Trustee, preparing a motion to keep prepetition accounts open to accept payments from borrowers and payoffs of loans, and preparing employment applications.

7. The Debtors' books and records consist of some electronic spreadsheets and approximately 75 banker's boxes of records, including loan files. Its books and records, including the tracking of outstanding loans, were largely not computerized. Because of the state of the books and records, things like the identification of assets, the amounts put in by investor/lenders, the status of the various loans and liens, and identification of other liabilities are not going to be a simple process. Our current focus is on identifying the outstanding loans, the identification of the assignees of the loans, determining the status of recording of any assignments, and determining what payments have and have not been made. This process has been time consuming because it requires a review of the physical loan files, verification of payment information provided by borrowers, and a review of title reports.

However, it is critical to continued servicing of the loans. Once this process is complete, the Debtors will turn towards preparation of the Required Documents, which themselves will require a significant amount of time.

8. Although the Debtors' owners have made themselves available as questions arise, given the situation, I cannot rely solely on information provided by them and must instead verify what I am told. The process is time-consuming.

9. Given the state of the books and records, I believe that we are going to need 60 days to prepare Required Documents that are as accurate as they can be under the circumstances. If the Debtors were required to file them earlier, they would not provide accurate information and would require amendments.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on this 9 day of March, 2026 at Woodland Hills, California.

HOWARD GROBSTEIN

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
4675 MacArthur Court, Suite 1550, Newport Beach, CA 92660

A true and correct copy of the foregoing document entitled (*specify*): **DEBTORS' *EX PARTE* MOTION FOR ORDER EXTENDING TIME FOR DEBTORS TO FILE SCHEDULES OF ASSETS AND LIABILITIES AND STATEMENTS OF FINANCIAL AFFAIRS, AND ALL OTHER REQUIRED DOCUMENTS; DECLARATION OF HOWARD GROBSTEIN IN SUPPORT**
will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)**: Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) March 10, 2026, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **Kyra E Andrassy kandrassy@raineslaw.com, bclark@raineslaw.com;csantiago@raineslaw.com**
- **Brian D. Cronin brian@briancroninlaw.com**
- **Thomas M Geher tmg@jmbm.com, bt@jmbm.com;tmg@ecf.courtdrive.com**
- **Ron Maroko ron.maroko@usdoj.gov**
- **United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov**
-

☐ Service information continued on attached page

2. **SERVED BY UNITED STATES MAIL**:
On March __, 2026, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. **SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) _______________, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

3/10/2026	Bambi Clark	/s/ Bambi Clark
Date	*Printed Name*	*Signature*