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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION**

In re:

THE ROMAN CATHOLIC BISHOP OF
OAKLAND, a California corporation sole,

Debtor.

Case No. 23-40523 WJL

Chapter 11

**DEBTOR’S MOTION TO AMEND ORDER
ESTABLISHING PROCEDURES FOR
INTERIM COMPENSATION AND
REIMBURSEMENT OF EXPENSES OF
PROFESSIONALS**

Judge: Hon. William J. Lafferty

Date: February 4, 2026
Time: 10:30 a.m.
Place: United States Bankruptcy Court
1300 Clay Street
Courtroom 220
Oakland, CA 94612

1 The Roman Catholic Bishop of Oakland, a California corporation sole, and the debtor and debtor
2 in possession (the “Debtor” or “RCBO”) in the above-captioned chapter 11 bankruptcy case (the “Chapter
3 11 Case”), hereby files this motion (the “Motion to Amend”), pursuant to sections 105, 330, and 331 of
4 the United States Code (the “Bankruptcy Code”), for entry of an order amending the *Order Authorizing*
5 *Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* (the “Interim
6 Compensation Order”) [Docket. No. 170] and the *Agreed Order Amending Procedures for Interim*
7 *Compensation and Reimbursement of Expenses of Professionals* [Docket. No. 2101] (the “Amended
8 Interim Compensation Order” and collectively with the Interim Compensation Order, the “Interim
9 Compensation Orders”).

10 The Interim Compensation Orders establish the process whereby professionals retained in this
11 Chapter 11 Case may be paid professional fees and expenses on an interim basis. The Debtor seeks to
12 amend the Interim Compensation Orders to defer and reserve payment of Professional Fees in this Chapter
13 11 Case, *beginning with Monthly Fee Statements for fees and expenses incurred in December 2025 and*
14 *including deferral of 25% of the amounts approved by this Court in the Seventh Interim Order (defined*
15 *below*¹), pending either confirmation of a Chapter 11 plan or dismissal of the Chapter 11 Case. The Debtor
16 is not including within the requested relief and intends to pay (i) amounts due for the Monthly Fee
17 Statements for November 2025 fees, (ii) 75% of the amounts approved by this Court in the Seventh Interim
18 Order and (iii) all professional fees and expenses for the Mediators and the Fee Examiner.

19 The Debtor brings this Motion to Amend because the Debtor has determined in the reasonable
20 exercise of its business judgment this relief is in the best interests of the Debtor’s estate. The Debtor
21 continues to mediate with all parties, and the Mediators have scheduled a global, in-person mediation for
22 Friday, January 16, and Saturday, January 17, 2026 at the offices of mediator Tim Gallagher in Los
23 Angeles. The Debtor anticipates filing a fourth amended plan of reorganization before the end of January
24 2026. The Debtor presently believes the plan confirmation process will include objections from at least
25 one Insurer and may include objections from the Committee. The Debtor has analyzed and adjusted its

26
27 ¹ On December 30, 2025, the Court entered an omnibus order allowing interim applications for the period August 31, 2025,
28 and *authorizing* (but not *requiring* on any specified schedule) payment of holdbacks for that period and the prior ending April
30, 2025 [Docket No. 2546] (the “Seventh Interim Order”).

1 cash forecast to account for the anticipated plan confirmation process. The Debtor intends to use its
2 unrestricted cash to pay its operating expenses and administrative expenses for the Chapter 11 Case in
3 accordance with the Bankruptcy Code and the orders of this Court including Orders of this Court as
4 amended. Through this Motion the Debtor seeks to defer and reserve payment of professional fees as
5 requested herein because the Debtor has determined it is not in the best interests of the Debtor's estate for
6 the Debtor to liquidate additional assets to pay professional fees at this time as described more fully below.

7 The Debtor's longstanding business practice has been to maintain a minimum unrestricted cash
8 balance of approximately \$3.0 million. This liquidity threshold represents an average of approximately
9 two months of unrestricted expenses, which enables the Debtor to timely pay its operating expenses in the
10 ordinary course of business. The Debtor dipped below this threshold in June and July 2025 due to the
11 spike in professional fees during that period, and the Debtor therefore drew on the remaining funds in the
12 Long Term Care (LTC) account as well as the Priest Supplemental Retirement Plan (SERP) to pull its
13 liquidity back above the \$3.0 million level. The Debtor projects if it were to fully pay the April 30th and
14 August 31st 2025 interim fee allowance holdbacks, then its unrestricted cash would again fall below this
15 \$3.0 million threshold and the Debtor would end January 2026 with a balance of only approximately \$1.0
16 million. The Debtor has therefore determined to pay 75% of the two outstanding balances authorized under
17 the Seventh Interim Order, which the Debtor projects will leave the Debtor with approximately \$2.5
18 million at the end of January, and the sum of \$3.2 million through the end of March 2026.² Although these
19 amounts are less than or at the Debtor's desired minimum liquidity threshold of \$3.0 million, the Debtor
20 has determined it can operate within these constraints.

21 Finally, given the Debtor operates at approximately a break-even point excluding bankruptcy-
22 related professional fees, without the requested relief the Debtor's cash position will continue to
23 deteriorate until the Chapter 11 Case concludes. Based on current professional fee assumptions, the
24 requested relief is necessary or the Debtor will likely run out of unrestricted cash towards the end of
25 February and the beginning of March 2026. The Debtor has also determined it is not in the best interests
26

27 _____
28 ² These amounts reflect ending unrestricted cash balance plus the Bishop's Ministries Appeal ("BMA") balance. The BMA funds are restricted, but can be used for certain operating expenses of the Debtor consistent with the applicable restrictions.

1 of the Debtor's estate for it to liquidate real estate to attempt to raise cash to pay professional fees,
2 including because (1) of the time needed to liquidate real estate and (2) the real estate the Debtor has
3 already identified to liquidate is for the purpose of funding payments to survivors.

4 This Motion is based on the Memorandum of Points and Authorities set forth herein, the notice of
5 hearing on the Motion, the Declaration of Daniel Flanagan (the "Flanagan Declaration") filed concurrently
6 herewith in support of the Motion, and such other evidence, oral or documentary, as may be presented to
7 this Court at or prior to the hearing on this Motion.

8 The Debtor's proposed order granting the requested relief is attached hereto as Exhibit A (the
9 "Proposed Order").

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1 **MEMORANDUM OF POINT AND AUTHORITIES**

2 **I.**

3 **INTRODUCTION**

4 By this Motion to Amend, the Debtor seeks to amend the procedures for the compensation and
5 reimbursement of professionals whose retentions have been approved by the Court pursuant to sections
6 327 or 1103 of the Bankruptcy Code (each, a “Professional,” and collectively, the “Professionals”) on a
7 monthly basis. This change is due to current circumstances in this Chapter 11 Case including that the
8 Debtor expects to file a fourth amended plan of reorganization, the Debtor’s current and anticipated
9 financial position, depletion of cash reserves set aside for payment of expenses of the Chapter 11 Case,
10 depletion of remaining sources of short-term liquidity, the desire to preserve proceeds from real estate
11 sales to fund settlement payments and to support a feasible fourth amended plan, and ongoing run rates
12 for Professional fees in this Chapter 11 Case.

13 The Debtor strongly believes the requested amendment is reasonable, necessary, and in the best
14 interests of the estate. The Debtor submits together with this Motion the Debtor’s current cash forecast
15 through March 2026 (the “Cash Forecast”). The Debtor has thus far used its unrestricted cash to fund
16 administrative expenses in this Chapter 11 Case including the LTC and SERP funds which historically
17 have been used to support the retirement of the Debtor’s priests. The Debtor has determined it cannot
18 liquidate real estate in time to keep professionals in this Chapter 11 Case current (with a 20% monthly
19 holdback), and moreover and besides that fact, the Debtor has determined it is in the best interests of the
20 Debtor’s estate to not redirect to Professionals the proceeds from the sales of real estate which are planned
21 to be used to fund settlement payments to survivors.

22 **II.**

23 **JURISDICTION AND VENUE**

24 This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is
25 a core proceeding pursuant to 28 U.S.C. § 157(b). Venue for this matter is proper in this District pursuant
26 to 28 U.S.C. §§ 1408 and 1409. The statutory bases for this Motion to Amend are sections 105(a), 330,
27 and 331 of the Bankruptcy Code, and Federal Rule of Bankruptcy Procedure 2016.
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III.

BACKGROUND

A. General Background

On May 8, 2023 (the “Petition Date”), the Debtor caused its attorneys to file a voluntary petition for chapter 11 bankruptcy relief under the Bankruptcy Code. The Debtor continues to operate its ministry and manage its properties as a debtor in possession under sections 1107(a) and 1108 of the Bankruptcy Code. No trustee has been appointed in this Chapter 11 Case.

On May 23, 2023, the U.S. Trustee appointed the Official Committee of Unsecured Creditors (the “Committee”).

The Debtor is a corporation sole organized under the laws of the State of California. The Debtor conducts its civil affairs under the laws of the State of California and the United States of America and in accordance with the Code of Canon Law, the ecclesiastical law of the Roman Catholic Church. Additional information regarding the Debtor, its mission, ministries, and operations, and the events and circumstances preceding the Petition Date, is set forth in the *Declaration of Charles Moore, Managing Director of Alvarez & Marsal North America, LLC, Proposed Restructuring Advisor to the Roman Catholic Bishop of Oakland, in Support of Chapter 11 Petition and First Day Pleadings* (the “First Day Declaration”) [Docket No. 19], which is incorporated herein by reference. Further information regarding the Debtor and the Chapter 11 Case is found in the Debtor’s *Third Amended Disclosure Statement* filed on April 3, 2025 [Docket No. 1874] (the “Third Amended Disclosure Statement”).

B. The Interim Compensation Procedures and First Amendment Thereto

On May 26, 2023, approximately three weeks into the Chapter 11 Case, the Debtor filed its *Motion For an Order Establishing Procedures For Interim Compensation and Reimbursement of Expenses of Professionals* [Docket No. 79] (the “Interim Compensation Motion”), seeking approval for procedures for monthly payment of interim compensation, as authorized in this Circuit by the Ninth Circuit Bankruptcy Appellate Panel’s decision in *In re Knudsen Corp.*, 84 B.R. 668 (BAP 9th Cir. 1988). At that time, the Debtor estimated and had obtained funds in the amount of \$35 million in prepetition funding for the administrative expenses of the Chapter 11 Case.

1 On June 23, 2023, the Court granted the Interim Compensation Motion and entered the Interim
2 Compensation Order approving “Interim Compensation Procedures.” The Interim Compensation
3 Procedures provide Professionals can file monthly fee statements and if there are no objections lodged,
4 receive 80% of the fees and 100% of the expenses incurred during the month. Interim Compensation
5 Procedures, ¶2(g). The Interim Compensation Procedures also provide that interim fee applications will
6 be filed at four-month intervals, not later than 45 days after the end of each four-month “Interim Fee
7 Period.” *Id.* at ¶2(l). The Interim Compensation Orders each expressly and appropriately recognized that
8 “[t]his Court retains the ability to modify or otherwise reconsider this Order at any time.” Interim
9 Compensation Order, at ¶5.

10 On April 4, 2025, the Court entered its *Order (I) Approving Third Amended Disclosure Statement;*
11 *(II) Establishing Procedures for Plan Solicitation, Notice, and Balloting* [Docket No. 1877] (the
12 “Disclosure Statement Order”), which approved the Third Amended Disclosure Statement and permitted
13 the Debtor to send its Third Amended Plan of Reorganization [Docket No. 1830] (the “Third Amended
14 Plan”) to creditors for a vote. The Disclosure Statement Order set the hearing on confirmation of the Third
15 Amended Plan to commence on August 25, 2025.

16 Due to its concerns regarding the then-mounting professional fees, the Debtor filed its *Motion to*
17 *Amend Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of*
18 *Professionals* [Docket. No. 1908] (the “First Motion to Amend”) on April 23, 2025. The First Motion to
19 Amend was resolved consensually through the Amended Interim Compensation Order, which increased
20 the Monthly Holdback for Professionals to 30% through September 2025 fee statements and deferred
21 payment of the Monthly Holdbacks for the Interim Fee Applications for the period of January 1, 2025,
22 through April 30, 2025, pending further order of the Court.

23 **C. Mediation Status**

24 On December 11, 2025, the Debtor filed a non-binding term sheet with certain insurers [Docket
25 No. 2505], which was updated with a supplemental filing on December 17, 2025 [Docket No. 2521]. The
26 Debtor’s proposed non-binding term sheet for settlement reflected in its December 17 filing [Docket No.
27 2521] (the “Term Sheet”) provides for a contribution by the Debtor and the Roman Catholic Welfare
28 Corporation of Oakland (“RCWC”) of \$200 million to fund payments to compensate survivors of sexual

1 abuse. Based on 345 claims in this Chapter 11 Case, that equates to an average recovery, solely from the
2 Debtor and RCWC and before any insurance recovery, of approximately \$579,000 per claim. To date the
3 highest per-claim contribution from diocese sources in similar bankruptcies was made in the Diocese of
4 Rockville Center (DRVC) chapter 11 case, with an average recovery per survivor of approximately
5 \$410,000. The Debtor's current Term Sheet with \$200 million would provide an average recovery per
6 survivor – before any insurance contribution – of \$579,000, which is almost \$170,000 per person more
7 than the next highest settlement. The Term Sheet also reflects agreed insurance contributions from settling
8 insurers of \$44,347,868 in the aggregate, bringing the total settlement amount to \$244,347,868, and the
9 average per-claim recovery to at least \$700,000 plus an assignment of insurance rights against other
10 insurers which will likely result in more recoveries. This therefore would be the highest average recovery
11 in the history of comparable diocesan cases in the United States.

12 Recognizing the progress reflected by the Term Sheet, the Court set a continued hearing for
13 January 20, 2026, and required the parties to participate in regular mediation sessions leading up to the
14 continued hearing. As described above, the Mediators have scheduled a global, in-person mediation for
15 January 16-17, 2026. The Debtor anticipates filing a fourth amended plan of reorganization by the end of
16 January 2026, hopefully with the support of the Committee and at least several of the Insurers. Still, the
17 Debtor anticipates and is thus planning for certain parties to contest plan confirmation.

18 **D. Professional Fees Detail**

19 The chart attached as **Exhibit B** shows the total professional fees incurred, and total professional
20 fees paid, in this Chapter 11 Case. The total fees and expenses billed for Debtor Professionals for time
21 through November 2025 equal the sum of \$24,097,734 and for Committee Professionals equal the sum of
22 \$21,816,563. The total fees and expenses for all Professionals including the Mediators are \$47,061,172.
23 These amounts are summarized in the following chart:

24 ///

25 ///

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Firm	Party Represented	Role	Total
Foley & Lardner	Debtor	Counsel	\$ 17,606,808.69
Alvarez & Marsal	Debtor	Financial Advisor	\$ 5,225,616.23
Breall & Breall	Debtor	Special Counsel	\$ 227,265.40
Verita	Debtor	Claims Agent	\$ 34,315.91
NERA	Debtor	Expert Witness	\$ 693,977.60
Hilco	Debtor	Expert Witness	\$ 273,712.24
Covington & Burling	Debtor	Special Counsel	\$ 36,038.20
DEBTOR TOTAL			\$ 24,097,734.27
Lowenstein	Committee	Counsel	\$ 13,448,093.86
Keller Benvenuti Kim	Committee	Local Counsel	\$ 682,241.85
Burns Blair	Committee	Insurance Counsel	\$ 2,406,275.20
Berkeley Research Group	Committee	Financial Advisor	\$ 3,851,456.71
Stout	Committee	Claims Valuation	\$ 1,072,042.12
Stout	Committee	RE Valuation	\$ 345,388.09
Member Expenses	Committee	Members	\$ 11,064.86
COMMITTEE TOTAL			\$ 21,816,562.69
Kravis	Estate	Mediator	\$ 69,453.00
Sontchi	Estate	Mediator	\$ 582,897.35
Newsome & Gallagher	Estate	Mediator	\$ 494,524.39
MEDIATOR TOTAL			\$ 1,146,874.74
ESTATE TOTAL			\$ 47,061,171.70

The chart attached as Exhibit B includes additional detail regarding amounts paid by the estate to date and outstanding balances. There can be no claim of hardship by any Professionals in this Chapter 11 Case, and certainly not from Professionals employed by the Committee who have been paid the sums reflected herein and whose firms have resources far beyond the fees in this Chapter 11 Case from which to conduct their operations.

E. The Debtor's Unrestricted Cash Position as Impacted by Professional Fees

On December 30, 2025, the Court entered the Seventh Interim Order allowing interim applications for the period ending August 31, 2025, and authorizing payment of holdbacks for the previous period ending April 30, 2025. Just the holdback amounts released under the Seventh Interim Order total almost \$4.7 million. The below chart illustrates the amounts due to Professionals under the Seventh Interim Order,

1 and the Debtor’s proposed payment of 75% of the outstanding amounts to Debtor and Committee
 2 Professionals, as further discussed below:

Firm	Total Allowed	Amount Previously Paid	Balance Outstanding	Proposed Payment
Foley & Lardner	\$5,226,849.93	\$3,965,140.54	\$1,261,709.39	\$946,282.04
Alvarez & Marsal	\$237,968.09	\$173,796.09	\$64,172.00	\$48,129.00
Breall & Breall	\$39,100.00	\$30,027.50	\$9,072.50	\$6,804.38
NERA	\$683,486.60	\$478,440.62	\$205,045.98	\$153,784.49
Hilco Real Estate	\$273,712.24	\$79,583.40	\$194,128.84	\$145,596.63
Verita Global	\$34,315.91	\$24,723.28	\$9,592.63	\$7,194.47
Debtor Total	\$6,495,432.77	\$4,751,711.43	\$1,743,721.34	\$1,307,791.01
Lowenstein Sandler	\$6,815,049.33	\$5,112,082.91	\$1,702,966.42	\$1,277,224.82
Keller Benvenuti Kim	\$174,019.80	\$135,469.55	\$38,550.25	\$28,912.69
Burns Bair	\$480,781.84	\$379,105.74	\$101,676.10	\$76,257.08
Stout Risius	\$729,879.29	\$278,114.55	\$451,764.74	\$338,823.56
Berkeley Research	\$1,575,740.50	\$1,155,120.40	\$420,620.10	\$315,465.08
Committee Total	\$9,775,470.76	\$7,059,893.15	\$2,715,577.61	\$2,036,683.21
Sontchi	\$67,859.97	\$55,172.47	\$12,687.50	\$12,687.50
Newsome	\$27,966.30	\$20,506.30	\$7,460.00	\$7,460.00
Gallagher	\$174,397.57	\$72,649.19	\$101,748.38	\$101,748.38
Mediator Total	\$270,223.84	\$148,327.96	\$121,895.88	\$121,895.88
Fee Examiner	\$200,000.00	\$100,000.00	\$100,000.00	\$100,000.00
Total	\$16,741,127.37	\$12,059,932.54	\$4,681,194.83	\$3,566,370.09

17
 18 The Debtor recently updated its cash forecast based on the foregoing circumstances and payment
 19 of the Monthly Fee Statements for November 2025 fees and expenses and 75% of the amounts allowed in
 20 the Seventh Interim Order as described above. *See* Exhibit A to the Flanagan Declaration (the “Cash
 21 Forecast”). The first page of the chart depicts the forecast monthly ending cash balance through March,
 22 2026. *See id.* Page 2 of the Cash Forecast shows the line-item monthly recent actuals and forecast. *See*
 23 *id.* Page 3 of the Cash Forecast shows actual and forecast professional fees *incurred* on a monthly basis,
 24 and Page 4 shows actual and forecast professional fees *paid* on a monthly basis. *See id.* As of January 13,
 25 2026, the Debtor has paid the amounts reflected in the “Proposed Payment” column above, reflecting
 26 seventy-five percent (75%) of the outstanding balance owed to each Debtor and Committee professional
 27 under the Seventh Interim Order, and 100% of the balance owed to the Mediators and Fee Examiner.

1 The Debtor has determined the requested relief is reasonable and necessary because without this
2 relief, if the Debtor is ordered to pay the full balance from the Seventh Interim Order and 80% of accrued
3 fees and 100% of expenses on Monthly Fee Statements thereafter, the Debtor projects its actual operating
4 cash will be practically depleted by the end of February 2026, with a net cash balance of approximately
5 \$200,000, and its actual operating cash will be completely depleted in March 2026. For clarity, the
6 Debtor's cash forecast *without* assuming the relief requested herein is reflected in Exhibit B to the
7 Flanagan Declaration. This clearly illustrates the stark reality that the Debtor will run out of cash to pay
8 its operating expenses without relief as sought herein.

9 **IV.**

10 **RELIEF REQUESTED**

11 The Debtor respectfully requests the Court further amend the Interim Compensation Procedures
12 to (i) increase the Monthly Fee Holdback for Professional fees due and payable by the Debtor from and
13 after February 1, 2026 (i.e., starting with monthly fee statements for December 2025) to 100% of fees and
14 expenses; and (ii) defer and reserve all further payment of fees and expenses for each Professional until
15 approval of a final fee application in the Chapter 11 Case for each such Professional. These modifications
16 would not apply to the court-appointed Mediators or Fee Examiner.

17 **V.**

18 **BASIS FOR RELIEF**

19 Section 331 of the Bankruptcy Code provides, in relevant part, as follows:

20 A trustee, an examiner, a debtor's attorney, or any professional person
21 employed under section 327 or 1103 of this title may apply to the court not
22 more than once every 120 days after an order for relief in a case under this
23 title, or more often if the court permits, for such compensation for services
24 rendered before the date of such an application or reimbursement for
expenses incurred before such date as is provided under section 330 of this
title. After notice and a hearing, the court may allow and disburse to such
applicant such compensation or reimbursement.

25 11 U.S.C. § 331.

26 Although § 331 of the Bankruptcy Code establishes the general rule that professionals may apply
27 to the court for compensation for services and/or reimbursement of expenses only three times per year,
28

1 nothing in the Bankruptcy Code requires professionals to be paid on an interim basis. Professionals in a
2 chapter 11 case do not have a right to payment of professional fees on an interim basis. Indeed, Section
3 331 of the Bankruptcy Code provides, “[a]fter notice and a hearing, the court may allow and disburse to
4 such applicant such compensation or reimbursement.” 11 U.S.C. § 331. This makes express that
5 disbursement of interim compensation following interim applications is subject to the discretion of the
6 Court.

7 Thus, this Court has correctly observed the foregoing. *See also*, Bankr. N.D. Cal. Local Rule 9029-
8 1 (the local rule of this Court regarding professional fees) provides as, in part, follows: “The Judges of the
9 Bankruptcy Court or any division thereof may adopt, and as needed revise, guidelines concerning the
10 allowance and disallowance of professional fees and expense reimbursement and the contents and format
11 of applications therefor filed pursuant to 11 U.S.C. §§ 330(a) and 331 and Bankruptcy Rule 2016(a), . . .
12 Although referenced herein, such guidelines are not intended to be local rules, and shall not have the force
13 and effect thereof.” Procedures for payment of interim compensation are not required by the Local Rules
14 or guidelines and are expressly discretionary under the *Knudsen* case. *See, In re Knudsen Corp.*, 84 B.R.
15 at 672 (holding that “a fee retainer procedure like the one here *may* be authorized” in the “rare” case where
16 all requirements for such a procedure are satisfied (emphasis added)).

17 The Debtor has determined in the reasonable exercise of its business judgment it is in the best
18 interest of the estate, including its creditors, to defer payment of professional fees as requested herein.
19 This is a responsible, reasonable exercise of the Debtor’s business judgment in an effort to see this Chapter
20 11 Case through to Plan confirmation. When evaluating the decision of a debtor-in-possession, the court
21 should “presume that the debtor-in-possession acted prudently, on an informed basis, in good faith, and
22 in the honest belief that the action taken was in the best interests of the bankruptcy estate.” *Agarawal v.*
23 *Pomona Valley Med. Group, Inc. (In re Pomona Valley Med. Group, Inc.)*, 476 F.3d 665, 670 (9th Cir.
24 2007) (collecting cases). The business judgment rule “is ‘a judicial policy of deference to
25 the business judgment of corporate directors in the exercise of their broad discretion in making corporate
26 decisions.’” *In re AWTR Liquidation Inc.*, 548 BR 300, 314 (Bankr. C.D. Cal. 2016) (citing *Everest*
27 *Investors 8 v. McNeil Partners*, 114 Cal.App.2d 828, 852 (Cal. Ct. App. 2d Dist. 1965)).

1 A debtor-in-possession has discretion to make decisions in its business judgment within the scope
2 of its authority and in good faith. Courts have applied the business judgment rule to approve debtors'
3 decisions in numerous aspects of bankruptcy cases. *See, e.g., In re Player's Poker Club*, 636 BR 811,
4 817–18 (C.D. Cal. 2022) (applying the business judgment rule in approving a debtor's decision to reject
5 an executory contract); *Agarawal v. Pomona Valley Med. Group, Inc. (In re Pomona Valley Med. Group,*
6 *Inc.)*, 476 F.3d 665, 670 (9th Cir. 2007) (applying the business judgment rule in approving a debtor's
7 decision to reject an executory contract); Order on Motion for Entry of Order Amending Key Employee
8 Incentive Plan and Key Employee Retention Plan, *In re Verity Health System of California, Inc.*, No. 2:18-
9 bk-20151-BB (Bank. C.D. Cal. March 17, 2020) (applying business judgment rule in granting debtor's
10 motion to establish key employee retention and incentive programs proposed by debtor); Order
11 Authorizing the Sale of Debtors' Assets to Purchaser Free and Clear of Liens, Claims, Interests, and other
12 Interests, *In re Beverly Community Hospital Ass'n*, No. 2:23-bk-12359-SK (Bank. C.D. Cal. Aug. 2023)
13 (applying business judgment rule in granting debtor's motion for an order approving sale of debtor's
14 assets).

15 It is commonplace in many chapter 11 cases for professionals to work in accordance with a budget
16 limiting what they may charge, usually driven by the terms of debtor-in-possession funding orders. That
17 has not occurred here, where there is no debtor-in-possession funding. In addition, courts in other chapter
18 11 cases have ordered holdbacks to be increased in cases where there is a threat of administrative
19 insolvency. *See, e.g., In re The Roman Catholic Diocese of Rockville Centre, New York (see Mot. to*
20 *Amend at 6)*; Order Amending the Order Approving Procedures For Interim Compensation and
21 Reimbursement of Expenses of Retained Professionals, etc., *In re Boy Scouts of America and Delaware*
22 *BSA, LLC*, No. 20-bk-10343-LSS (Bankr. D. Del. Aug. 6, 2021) (approving insurer's request to add a
23 holdback provision to the procedures for compensation and reimbursement, based on extreme expenses
24 associated with the case); Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for
25 Interim Compensation and Reimbursement of Expenses of Professional Fee Parties, *In re Buyk Corp.*, No.
26
27
28

22-bk-10328-mew (Bankr. S.D.N.Y. Aug. 24, 2022) (imposing a holdback fee of 40% (instead of debtor’s proposed 20%) at a creditor’s request on the basis of the debtor’s alleged insolvency).³

In the summer of 2025, the Debtor filed a motion seeking dismissal of this Chapter 11 Case, based on the logjam in settlement negotiations with all stakeholders (the Committee and Insurers alike) and the Debtor’s resulting belief it was not likely to achieve confirmation of the third amended plan of reorganization. The circumstances have now changed. It appears to the Debtor the reality of the impending dismissal has “jarred loose the logs” to some extent and with some stakeholders, resulting in material progress toward an outcome in this Chapter 11 Case other than a dismissal. But the Debtor’s financial condition remains an obstacle in this Chapter 11 Case, and the Debtor therefore seeks the relief requested herein.

A. The Requested Modifications to Interim Compensation

As set forth above, the Debtor seeks to amend the Interim Compensation Orders to defer and reserve payment of all Professional Fees in this Chapter 11 Case *beginning with Monthly Fee Statements for fees and expenses incurred in December 2025 and including deferral of 25% of the amounts approved by this Court in the Seventh Interim Order*, pending either confirmation of a Chapter 11 plan or dismissal of the Chapter 11 Case. The Debtor is not including within the requested relief and intends to pay (i) amounts due for the Monthly Fee Statements for November 2025 fees, (ii) 75% of the amounts approved by this Court in the Seventh Interim Order and (iii) all professional fees and expenses for the Mediators and the Fee Examiner.

In furtherance of this relief, the Debtor’s proposed order reflects that estate Professionals billing more than \$25,000 in a given month shall be required to continue to file Monthly Fee Statements. The Debtor submits this is appropriate to allow the Debtor, Committee, U.S. Trustee, Court, and other parties to continue to monitor the fees incurred by the estate on a monthly basis. For the same reasons, the Debtor submits that the provisions of the Interim Compensation Orders regarding filing of interim fee applications for each four-month interim fee period should not be modified.

³ In both *Boy Scouts of America* and *Buyk Corp.*, non-debtor parties requested that the court increase the holdback percentages due to concerns about the insolvency of the respective debtors. It stands to reason that the Debtor’s similar concerns are valid here. The Court should rely on the Debtor’s business judgment in approving the requested amendment.

1 Finally, the Debtor's proposed modifications would not apply to the Mediators who are otherwise
2 governed by the Interim Compensation Orders. The current holdback provisions would continue to apply
3 to the Mediators. If there is progress to be made in this case, the Mediators' services are essential. The
4 Mediators also work as individuals or small firms, and the Debtor therefore believes deferment of
5 compensation would be a substantial hardship. Likewise, the modifications would not apply to the Fee
6 Examiner, who is entitled under the order for his appointment to payment of a \$25,000 per month flat fee.

7 **VI.**

8 **RESERVATION OF RIGHTS**

9 Nothing contained in this Motion to Amend limits the rights of the Debtor to seek further
10 modifications to the Interim Compensation Orders, as appropriate under the circumstances of the Chapter
11 11 Case.

12 **VII.**

13 **CONCLUSION**

14 WHEREFORE, the Debtor respectfully requests that the Court enter the Proposed Order and grant
15 such other and further relief as may be just and proper.

16 DATED: January 13, 2026

17 **FOLEY & LARDNER LLP**

18 Eileen R. Ridley
19 Shane J. Moses
20 Ann Marie Uetz
21 Matthew D. Lee
22 Mark C. Moore

23 /s/ Shane J. Moses

24 Shane J. Moses

25 *Counsel for the Debtor*
26 *and Debtor in Possession*

EXHIBIT A

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16 San Francisco, CA 94105

17 *Counsel for the Debtor
and Debtor in Possession*

18 **UNITED STATES BANKRUPTCY COURT**

19 **NORTHERN DISTRICT OF CALIFORNIA**

20 **OAKLAND DIVISION**

21 In re:

22 THE ROMAN CATHOLIC BISHOP OF
23 OAKLAND, a California corporation sole,

24 Debtor.

25 Case No. 23-40523 WJL

26 Chapter 11

27 **[PROPOSED] ORDER AMENDING
28 PROCEDURES FOR INTERIM
COMPENSATION AND REIMBURSEMENT
OF EXPENSES OF PROFESSIONALS**

Judge: Hon. William J. Lafferty

Date: February 4, 2026

Time: 10:30 a.m.

Place: United States Bankruptcy Court
1300 Clay Street
Courtroom 220
Oakland, CA 94612

1 This matter comes before the Court upon the *Debtor's Motion to Amend Order Establishing*
2 *Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [Docket No. ____]
3 (the "Motion"),¹ filed by the Roman Catholic Bishop of Oakland, a California corporation sole, and the
4 debtor and debtor in possession (the "Debtor" or "RCBO") in the above-captioned chapter 11 bankruptcy
5 case (the "Chapter 11 Case" or the "Bankruptcy Case") requesting amendments to the Court's prior *Order*
6 *Authorizing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* (the
7 "Interim Compensation Order") [Docket. No. 170] and the *Agreed Order Amending Procedures for*
8 *Interim Compensation and Reimbursement of Expenses of Professionals* [Docket. No. 2101] (the
9 "Amended Interim Compensation Order" and collectively with the Interim Compensation Order, the
10 "Interim Compensation Orders"). The Motion came before the Court for hearing at the date and time set
11 forth above (the "Hearing"). Appearances were as noted on the record at the Hearing.

12 The Court having reviewed and considered the Motion, all other filings in support of the Motion
13 and any opposition to the Motion, and all arguments made in support of or opposition to the Motion; the
14 Court finding that it has jurisdiction over this matter, that venue in this Court is proper, and that notice of
15 the Motion was reasonable and sufficient under the circumstances; and the Court further finding that the
16 relief set forth herein is in the best interests of the Debtor, its creditors, and other parties in interest; and
17 after due deliberation and good cause appearing,

18 **ACCORDINGLY, IT IS HEREBY ORDERED THAT:**

- 19 1. The Motion is granted only to the extent set forth herein.
20 2. Solely for Monthly Fee Statements reflecting fees and expenses incurred in December 2025

21 and thereafter, paragraph 2(a) of the Compensation Procedures are amended as follows:²

22 Unless otherwise provided in the order authorizing the Professional's
23 retention, on or before the thirtieth (30th) day of each month following the
24 month for which compensation is sought, each Professional that incurred
more than \$25,000 in fees and expenses for such month seeking
25 compensation shall file a statement with the Court (each, a "Monthly Fee
Statement") which shall describe the fees and expenses incurred by the
26 Professional during the such month ~~for which compensation is sought;~~
provided however, if the thirtieth (30th) day of the month following the

27
28 ¹ Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

² Blue underlined text reflects language added to the provision. ~~Red strikethrough~~ text reflects language deleted.

1 month for which compensation is sought falls on a weekend or Court
2 holiday, the deadline to file the Monthly Fee Statement shall be the next
3 business day after the thirtieth. ~~Each first Monthly Fee Statement will cover
the Petition Date through the end of the month during which an order
authorizing the Professional's retention is entered.~~

4 3. Solely for Monthly Fee Statements reflecting fees and expenses incurred in December 2025
5 and thereafter, paragraph 2(g) of the Compensation Procedures is amended as follows:

6 Upon the expiration of the Objection Deadline, each Professional may file
7 a certificate of no objection (or if an Objection (as defined below) was
8 timely served, a certificate of partial objection) with the Court, provided
9 that the Debtor shall not be required to pay any of the fees or expenses set
10 forth in such Monthly Fee Statement. ~~after which the Debtor, without~~
11 ~~further order of the Court, shall pay each Professional an amount (the~~
12 ~~"Actual Payment") equal to the lesser of: (1) 870% of the fees and 100% of~~
13 ~~the expenses requested in the Monthly Fee Statement (the "Maximum~~
14 ~~Payment"), and (2) if an Objection was served, 870% of the fees and 100%~~
15 ~~of the expenses to which there was no Objection no later than five (5)~~
16 ~~business days after the filing of the relevant certificate.~~

17 4. Solely for Monthly Fee Statements reflecting fees and expenses incurred in December 2025
18 and thereafter, paragraph 2(h) of the Compensation Procedures is amended as follows:

19 The remaining ~~thirty-one hundred~~ percent (100%) of the Professional's fees
20 for each Monthly Fee Statement shall be withheld from payment until
21 further order of the Court approving such Professional's interim or final fee
22 application, ~~as applicable~~ (the "Monthly Fee Holdback").

23 5. Solely for Monthly Fee Statements reflecting fees and expenses incurred in December 2025
24 and thereafter, paragraph 2(c) and paragraphs 2(i) and 2(j) of the Compensation Procedures (regarding
25 objections to Monthly Fee Statements) shall not be applicable.

26 6. Notwithstanding anything in the Interim Compensation Orders to the contrary, but subject
27 to paragraph 8, below, from and after entry of this Order the Debtor shall not be required to make any
28 further payments to Professionals based on amounts allowed pursuant to Interim Fee Applications, until
such fees are approved on a final basis pursuant to a final fee application filed under Section 330 of the
Bankruptcy Code (a "Final Fee Application").

7. The foregoing amendments shall not apply to (1) the Court-appointed mediators (the
"Mediators"), or (2) the Court-appointed fee examiner (the "Fee Examiner"). The Mediators and Fee
Examiner shall continue to be compensated pursuant to the terms of the order appointing them, and the
Interim Compensation Orders as they existed prior to entry of this Order.

COURT SERVICE LIST

All ECF Recipients.

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EXHIBIT B

Firm	Party Represented	Role	Total Fees	Expenses	Total	Retainers Reductions	Payments	Balance
Foley & Lardner	Debtor	Counsel	\$17,307,059.00	\$299,749.69	\$17,606,808.69	\$0.00	\$13,836,400.25	\$3,770,408.44
Alvarez & Marsal	Debtor	Financial Advisor	\$5,165,885.00	\$59,731.23	\$5,225,616.23	\$0.00	\$5,013,735.47	\$308,053.50
Breall & Breall	Debtor	Special Counsel	\$219,887.50	\$7,377.90	\$227,265.40	\$0.00	\$182,660.50	\$44,604.90
Kurtzman Carson Consultants	Debtor	Claims Agent	\$34,315.91	\$0.00	\$34,315.91	\$0.00	\$24,723.27	\$9,592.64
NERA	Debtor	Expert Witness	\$693,977.60	\$0.00	\$693,977.60	\$0.00	\$486,833.42	\$207,144.18
Hilco Real Estate	Debtor	Consultant	\$261,333.00	\$12,379.24	\$273,712.24	\$0.00	\$79,583.40	\$194,128.84
Covington & Burling	Debtor	Special Counsel	\$36,015.00	\$23.20	\$36,038.20	\$0.00	\$28,835.20	\$7,203.00
DEBTOR TOTAL			\$23,718,473.01	\$379,261.26	\$24,097,734.27	\$0.00	\$19,652,771.51	\$4,541,135.50
Lowenstein	Committee	Counsel	\$13,048,400.50	\$399,693.36	\$13,448,093.86	\$0.00	\$10,024,361.90	\$2,773,360.60
Keller Benvenuti	Committee	Local Counsel	\$642,447.65	\$39,794.20	\$682,241.85	\$0.00	\$441,506.24	\$131,459.10
Burns Blair	Committee	Insurance Counsel	\$2,326,499.20	\$79,776.00	\$2,406,275.20	\$0.00	\$1,684,897.82	\$403,548.06
Berkeley Research Group	Committee	Financial Advisor	\$3,826,407.50	\$25,049.21	\$3,851,456.71	\$0.00	\$2,988,362.82	\$685,432.89
Stout Claims Valuation	Committee	Claims Valuation Expert	\$1,071,547.50	\$494.62	\$1,072,042.12	\$0.00	\$885,571.85	\$186,470.27
Stout Real Estate Valuation	Committee	RE Valuation Expert	\$342,814.50	\$2,573.59	\$345,388.09	\$0.00	\$242,543.74	\$102,844.35
Member Expenses	Committee	Members	\$0.00	\$11,064.86	\$11,064.86	\$0.00	\$8,183.00	\$2,881.86
COMMITTEE TOTAL			\$21,258,116.85	\$558,445.84	\$21,816,562.69	\$0.00	\$16,275,427.37	\$4,285,997.13
Kravis	Estate	Mediator	\$69,453.00	\$0.00	\$69,453.00	\$0.00	\$69,453.00	\$0.00
Sontchi	Estate	Mediator	\$536,437.50	\$46,459.85	\$582,897.35	\$0.00	\$412,546.38	\$170,350.97
Newsome & Gallagher	Estate	Mediator	\$582,245.00	\$7,515.39	\$494,524.39	\$0.00	\$168,874.00	\$402,324.39
MEDIATOR TOTAL			\$1,188,135.50	\$53,975.24	\$1,146,874.74	\$0.00	\$650,873.38	\$572,675.36
ESTATE TOTAL			\$46,164,725.36	\$991,682.34	\$47,061,171.70	\$0.00	\$36,579,072.26	\$9,399,807.99