

**FOLEY & LARDNER LLP**

Eileen R. Ridley (CA Bar No. 151735)  
Tel: (415) 438-6469; [eridley@foley.com](mailto:eridley@foley.com)  
Shane J. Moses (CA Bar No. 250533)  
Tel: (415) 438-6404; [smoses@foley.com](mailto:smoses@foley.com)  
Ann Marie Uetz (admitted *pro hac vice*)  
Tel: (313) 234-7114; [auetz@foley.com](mailto:auetz@foley.com)  
Matthew D. Lee (admitted *pro hac vice*)  
Tel: (608) 258-4203; [mdlee@foley.com](mailto:mdlee@foley.com)  
Geoffrey S. Goodman (admitted *pro hac vice*)  
Tel: (312) 832-4515; [ggoodman@foley.com](mailto:ggoodman@foley.com)  
Mark C. Moore (admitted *pro hac vice*)  
Tel: (214) 999-4150; [mmoore@foley.com](mailto:mmoore@foley.com)  
One Market Plaza  
55 Spear Street Tower, Suite 1900  
San Francisco, CA 94105

*Counsel for the Debtor  
and Debtor in Possession*

**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  
  
Chapter 11  
  
**DEBTOR'S STATUS CONFERENCE  
STATEMENT FOR JANUARY 20, 2026**  
  
Judge: Hon. William J. Lafferty  
  
**Status Conference:**  
Date: January 20, 2025  
Time: 1:00 p.m.  
Place: United States Bankruptcy Court  
1300 Clay Street  
Courtroom 220  
Oakland, CA 94612

1 **TO THE HONORABLE WILLIAM J. LAFFERTY, UNITED STATES BANKRUPTCY JUDGE**  
2 **AND ALL INTERESTED PARTIES AND/OR THEIR COUNSEL OF RECORD:**

3 The Roman Catholic Bishop of Oakland, a California corporation sole, and the debtor and debtor  
4 in possession (the "Debtor") in the above-captioned chapter 11 bankruptcy case (the "Chapter 11 Case"),  
5 hereby files this status conference statement (this "Statement") in advance of the status conference  
6 scheduled for January 20, 2026. More information regarding the current status of the Chapter 11 Case  
7 and previous developments are set forth in the Debtor's earlier-filed status conference statements [Dkt.  
8 Nos. 192, 320, 458, 520, 760, 843, 1373, 2291, 2292, 2333, 2425, and 2444], and the Debtor's *Third*  
9 *Amended Disclosure Statement for Debtor's Third Amended Plan of Reorganization* [Dkt. No. 1874].

10 **A. Mediation Update**

11 On December 11, 2025, the Debtor filed a non-binding term sheet with certain insurers [Docket  
12 No. 2505], which was updated with a supplemental filing on December 17, 2025 [Docket No. 2521]. The  
13 Debtor's proposed non-binding term sheet for settlement reflected in its December 17 filing [Docket No.  
14 2521] (the "Term Sheet") provides for a contribution by the Debtor and the Roman Catholic Welfare  
15 Corporation of Oakland ("RCWC") of \$200 million to fund payments to compensate survivors of sexual  
16 abuse. Based on 345 claims in this Chapter 11 Case, that equates to an average recovery, solely from the  
17 Debtor and RCWC and before any insurance recovery, of approximately \$579,000 per claim. To date the  
18 highest per-claim contribution from diocese sources in similar bankruptcies was made in the Diocese of  
19 Rockville Center (DRVC) chapter 11 case, with an average recovery per survivor of approximately  
20 \$410,000. The Debtor's current Term Sheet with \$200 million would provide an average recovery per  
21 survivor – before any insurance contribution – of \$579,000, which is almost \$170,000 per person more  
22 than the next highest settlement. The Term Sheet also reflects agreed insurance contributions from settling  
23 insurers of \$44,347,868 in the aggregate, bringing the total settlement amount to \$244,347,868, and the  
24 average per-claim recovery to at least \$700,000 plus an assignment of insurance rights against other  
25 insurers which will likely result in more recoveries. This therefore would be the highest average recovery  
26 in the history of comparable diocesan cases in the United States.

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28 STATUS CONFERENCE STATEMENT FOR JANUARY 20, 2026

1 In addition to this, the good news in the Debtor's opinion is that the major point of separation  
2 between the Debtor and the Committee at this point appears to be not the *amount* of the settlement  
3 payment, but rather the time the Debtor needs to liquidate certain real estate assets to enable it to fund all  
4 of the settlement payment. The Debtor believes the parties should be able to resolve this timing issue  
5 because it is dependent on the *practical reality of what is feasible* for the Debtor in terms of liquidating  
6 certain real estate assets to fund the settlement payment and the Debtor remains keenly focused on working  
7 to resolve this issue with the Committee.

8 The Debtor believes this Court recognized the progress reflected by the Term Sheet when it set a  
9 continued hearing for January 20, 2026 and required the parties to continue mediation. The Debtor  
10 continues to mediate with the Mediators and all parties. The Debtor has delivered a response/counter-  
11 proposal to the Committee's last proposal and has provided a copy of same to the Mediators and the  
12 Insurers.<sup>1</sup> In addition, the Committee has now provided the Mediators and the Insurers with its proposal  
13 previously made to the Debtor regarding an assignment of insurance, and the Debtor has urged the Insurers  
14 and the Committee (and the Mediators) to engage on that issue. Finally, the Mediators have scheduled a  
15 global, in-person mediation for Friday, January 16, and Saturday, January 17, 2026 at the offices of  
16 mediator Tim Gallagher in Los Angeles.

17 The Debtor presently anticipates filing a fourth amended plan of reorganization by the end of  
18 January 2026, hopefully with the support of the Committee and at least several of the Insurers. Still, the  
19 Debtor anticipates and is thus planning for certain parties to contest at least certain issues concerning plan  
20 confirmation. The Debtor anticipates addressing with the Court at the January 20<sup>th</sup> Status Conference a  
21 schedule for confirmation proceedings.

22 **B. Professional Fee Applications And Interim Compensation**

23 Interim fee applications for estate professionals ("Professionals") for the interim period ending  
24 August 31, 2025 (the "Seventh Interim Applications") were granted (subject to agreed reductions with the  
25 Fee Examiner), by the Court's order entered on December 30, 2025 [Dkt. No. 2546] (the "Seventh Interim  
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27 <sup>1</sup> The Debtor provided a clean word version of its counter-proposal, and a comparison of same to (a) the  
28 Committee's last settlement proposal and (2) the Debtor's last settlement proposal.

1 Fee Order”). The Seventh Interim Fee Order also authorized payment of professional fees for the interim  
2 period ending April 30, 2025, which were allowed on an interim basis by the Court’s order entered on  
3 September 4, 2025 [Dkt. No. 2281] (the “Sixth Interim Fee Order”) that were previously deferred pursuant  
4 to the Court’s *Agreed Order Amending Procedures for Interim Compensation and Reimbursement of*  
5 *Expenses of Professionals* [Dkt. No. 2101] (the “Amended Interim Compensation Order”).

6 The holdback balances payable under the Seventh Interim Fee Order were approximately \$4.7  
7 million. Payment of this balance in full would reduce the Debtor’s available cash balance well below the  
8 Debtor’s long-established \$3.0 minimum cash threshold. Further, payment of these amounts plus ongoing  
9 Monthly Fee Statements would cause the Debtor’s actual operating cash to be practically depleted by the  
10 end of February 2026, with a net cash balance of approximately \$200,000, and completely depleted in  
11 March 2026. The Debtor therefore determined in exercise of its business judgment to pay 75% of the two  
12 outstanding balances authorized under the Seventh Interim Order, which the Debtor projects will leave  
13 the Debtor with approximately \$2.5 million at the end of January. On or about January 13, 2026, the  
14 Debtor made this payment of 75% of outstanding balances to all professionals. The Debtor also paid all  
15 amounts payable pursuant to monthly fee statements for November 2025, subject to the applicable  
16 holdbacks pursuant to the Court’s interim compensation orders. Thus as of January 13, 2026, the Debtor  
17 has paid seventy-five percent (75%) of the outstanding balance owed to each Debtor and Committee  
18 professional under the Seventh Interim Order, and 100% of the balance owed to the Mediators and Fee  
19 Examiner.

20 The Debtor recently updated its cash forecast based on the foregoing circumstances and payment  
21 of the Monthly Fee Statements for November 2025 fees and expenses and 75% of the amounts allowed in  
22 the Seventh Interim Order as described above. The Debtor thus filed *Debtor’s Motion to Amend Order*  
23 *Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*  
24 [Dkt. No. 2560] (the “Motion to Amend”). By the Motion to Amend, the Debtor seeks amendment of the  
25 interim compensation procedures in this case to (1) increase the monthly fee holdback to 100%, effectively  
26 pausing monthly fee payments, and (2) defer all payment on interim fee applications, including the  
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1 remaining 25% under the Seventh Interim Fee Order, through conclusion of the Chapter 11 Case.<sup>2</sup> The  
2 Debtor has determined, in the exercise of its reasonable business judgment, that this relief is necessary to  
3 maintain operating cash balances at a responsible level. The Motion to Amend is set for hearing on regular  
4 notice on February 4, 2025.<sup>3</sup>

5 Interim Professional fee applications for the interim period ending December 31, 2025, are due to  
6 be filed on or before February 15, 2026 (the “Eighth Interim Applications”). While the relief requested  
7 under the Motion to Amend would defer payment on the Eighth Interim Applications, the Debtor  
8 anticipates that they will be filed and heard in the ordinary course.

9 **C. State Court Litigation/Lift Stay**

10 In July 2025, this Court entered its *Order Granting Renewed Motion of the Official Committee of*  
11 *Unsecured Creditors to Lift the Automatic Stay to Permit Certain Plaintiffs’ Personal Injury Claims to*  
12 *Proceed in State Court* [Dkt. No. 2168] (the “Lift Stay Order”). In approving the lift stay relief, the Debtor  
13 believes this Court relied upon the Committee’s argument that lifting the stay would be cost-neutral to the  
14 Debtor because it was expected the Debtor’s insurers would pay for counsel to defend the Debtor in those  
15 state court cases.

16 Since entry of the Lift Stay Order six months ago, only two cases have been set for state court trial  
17 – in March and May 2026, respectively. Also since entry of the Lift Stay Order, the Debtor has pursued  
18 the applicable insurer for the March 2026 trial to pay for counsel to defend the Debtor in that case.  
19 Traveler’s Insurance (“Travelers”), the insurer obligated to provide a defense to the Debtor for the first  
20 case set for trial, is refusing to honor its contractual obligations and has only agreed to provide an hourly  
21 rate of \$350 per hour for defense counsel in this case. This rate is unacceptably low in the Bay Area for  
22 any matter, but certainly for one as complex as a decades-old sexual abuse case such as this one.<sup>4</sup> Indeed,  
23 Travelers has not identified a single attorney who would agree to take the case with trial in March 2026  
24 for such a rate. Because of the exigency of this case, Foley will be handling the defense because it had  
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27 <sup>2</sup> The Debtor excluded the Mediators and Fee Examiner from the requested relief.

28 <sup>3</sup> The requested relief would not apply to the Court-appointed Mediators or Fee Examiner.

<sup>4</sup> The Debtor reserves all of its legal and contractual rights as to the conduct of Travelers.

1 been the Debtor's counsel in this matter before the Bankruptcy Case was filed and there is no other firm  
2 that could reasonably handle the matter in the limited time which remains before trial. However, Foley's  
3 rates exceed the pittance Travelers is willing to pay, and the Debtor will be obligated to pay the difference.  
4 This will exacerbate the Debtor's severe cash crunch, which has already resulted from the administrative  
5 fees in this case and may imperil the Debtor's progress toward a successful reorganization.<sup>5</sup>

6 In addition, the California Court of Appeals is scheduled to hear an appeal of a ruling made by  
7 Judge Chatterjee in the JCCP 5108 proceeding regarding Proposition 51. The appellate court will  
8 determine whether a finder of fact is required to apportion fault among tortfeasors in accordance with  
9 current California law, or whether joint and several liability should apply to all tortfeasors in cases where  
10 the alleged abuse arose prior to the 1986 law change on liability. This is relevant to the Debtor because  
11 the amounts it may be required to pay could be reduced if a jury is required to apportion fault among  
12 multiple parties. While this matter may be determined on fairly expedited timeline, there is no scheduling  
13 order in place, and it is unlikely to be resolved before the first case goes to trial in March. Thus the  
14 outcome of the cases scheduled for state court trial and any perceived value as a data point relevant to the  
15 Chapter 11 Case is now limited because it may be rendered moot by the appellate court determination on  
16 the apportionment of fault.

17 Based on the foregoing, and in recognition that the circumstances which existed at the time this  
18 Court entered the Lift Stay Order have changed, and new information that has come to light, the Debtor  
19 believes this Court should revisit whether the stay ought to be lifted at this time to permit these cases to  
20 proceed to trial. The Debtor therefore intends to file a motion pursuant to Fed. R. Civ. P. 60 for relief  
21 from the Lift Stay Order.

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27 <sup>55</sup> The Debtor recognizes this may be affected by this Court's decision on the now-pending Motion to  
28 Amend.

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DATED: January 16, 2025

Respectfully submitted,

**FOLEY & LARDNER LLP**

Eileen R. Ridley  
Shane J. Moses  
Ann Marie Uetz  
Matthew D. Lee  
Geoffrey S. Goodman  
Mark C. Moore

/s/ Shane J. Moses

SHANE J. MOSES

*Counsel for the Debtor  
and Debtor in Possession*