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of Unsecured Creditors*

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
)
) **THE OFFICIAL COMMITTEE OF**
) **UNSECURED CREDITORS' STATUS**
) **REPORT IN ADVANCE OF**
) **JANUARY 20, 2026, STATUS**
) **CONFERENCE**
)
) Judge: Hon. William J. Lafferty
)
) Date: January 20, 2026
) Time: 1:30 p.m. (Pacific Time)
) Place: United States Bankruptcy Court
) 1300 Clay Street, Courtroom 220
) Oakland, CA 94612
)
)
)
)

1 The Official Committee of Unsecured Creditors (the “**Committee**”) of the Roman
2 Catholic Bishop of Oakland (the “**Debtor**”) in the above-captioned chapter 11 bankruptcy case
3 (this “**Chapter 11 Case**”) files this status report (this “**Report**”) in advance of the January 20,
4 2026, status conference (the “**Status Conference**”).

5 I.

6 **PRELIMINARY STATEMENT**

7 In advance of the Status Conference, and on the precipice of entering into a two-day
8 mediation session, the Debtor announced its intention to file a fourth amended plan of
9 reorganization (the “**Fourth Amended Plan**”) within the next two weeks, even if the plan will
10 require cramdown on survivors of sexual abuse (“**Survivors**”). Given that the Debtor and the
11 Committee did not make any progress at this past weekend’s two-day mediation session (the
12 second-day session was cancelled for lack of progress), the Committee expects the Debtor to
13 advance its proposed Fourth Amended Plan and request a plan confirmation schedule at the Status
14 Conference.

15 The Debtor also recently filed its second motion to amend this Court’s Interim
16 Compensation Order (defined below), requesting that it be permitted to stop paying professional
17 fees for the duration of this Chapter 11 Case.¹ It is impossible to reconcile the Debtor’s request
18 with the prosecution of the Fourth Amended Plan. To justify accruing, but not paying,
19 professional fees, the Debtor concedes it cannot pay the administrative expenses of this Chapter
20 11 Case, yet seeks to embark on a months-long \$11 million² frolic to accomplish what has never
21 been achieved in a single diocesan bankruptcy case: cramdown of a plan over the objection of
22 survivors. If permitted, the phrase heads the Debtor wins; tails Survivors lose comes to mind.
23 Either the Debtor cramdowns its Fourth Amended Plan on Survivors or, if the Committee defeats
24

25
26 ¹ Surprisingly, the Debtor’s request does not include all of its ordinary course professionals, including Vera
27 Cruz, which has been paid roughly \$2 million during this Chapter 11 Case and Matthew Kemner, Esq, who
has been paid roughly \$1.3 million during this Chapter 11 Case.

28 ² Per its own projections. See Exhibit A to Declaration of Daniel Flannigan in Support of Debtor’s Motion
to Amend Order Establishing Procedures for Interim Compensation [Dkt. No. 2561].

1 cramdown, the Debtor is all but certain to claim it is unable to pay accrued professional fees based
2 on administrative insolvency. This duplicitous plot cannot be countenanced.

3 Making matters worse, in the Debtor's most recent Status Report, it reveals that it will be
4 filing a motion under Federal Rule 60 for relief from the *Order Granting Renewed Motion of the*
5 *Official Committee of Unsecured Creditors to Lift the Automatic Stay to Permit Certain Plaintiffs'*
6 *Personal Injury Claims to Proceed in State Court* [Dkt. No. 2168] (the "**Lift Stay Order**"). The
7 Debtor asserts that "changed circumstances" warrant revisiting whether two personal injury cases
8 scheduled to be tried in March and May of this year (and others for which stay relief was granted
9 but have not yet been scheduled for trial) should once again be stayed. There are no grounds upon
10 which relief may be provided. Even if legally permitted—it is not—to reverse course now would
11 gut the very purpose of the relief requested: forcing the parties to march up the courthouse steps
12 to drive settlement. The first trial is scheduled to commence on March 16, 2026.

13 Having shown itself incapable (or just unwilling) of bringing this Chapter 11 Case to an
14 expeditious, fair and equitable conclusion, the Committee requests that this Court allow the
15 Committee to finally play the role of protagonist in any of three ways:

16 ***First***, if this Court is inclined to permit the Debtor to continue to avail itself of the
17 protections of chapter 11, the pending adversary proceeding commenced by the Committee—
18 seeking a determination that over \$30 million in alleged restricted assets is available to pay the
19 Debtor's creditors—should recommence immediately and be resolved before (or simultaneously
20 with) the plan confirmation hearing. At the same time, this Court should compel the Debtor to
21 present to this Court its real estate monetization plan, providing for both projected sale proceeds
22 and the timing of the listing and sale of each parcel that will be liquidated. Having failed on
23 multiple occasions to make good on its promises to this Court and creditors that it will sell real
24 estate to fund this case and Survivors' distributions, Court intervention is required such that this
25 Court should require the Debtor to comply with an aggressive schedule to monetize a portion of
26 its billion-dollar real estate portfolio. The Debtor's projected timing and valuation of its real
27 estate sales serves at least two purposes: assurance to this Court that the Debtor will remain
28 administratively solvent and be able to pay all administrative claims even if (as expected) its

1 Fourth Amended Plan is not confirmed for lack of evidence of plan feasibility. Without the
2 Debtor committing to a sale process, the Debtor may very well choose not to sell its properties
3 and if it is unable to confirm the Fourth Amended Plan, inform its administrative creditors that it
4 lacks the funds to pay their claims.

5 *Second*, if the Debtor is permitted to prosecute its Fourth Amended Plan, the Committee
6 should be afforded the opportunity to prosecute confirmation of its own plan of reorganization on
7 the same schedule as the Fourth Amended Plan. Exclusivity terminated long ago, and the
8 Committee is prepared to file its own Plan which will expose the Debtor to “losing” in this case,
9 rather than “just not winning.” In turn, the settlement dynamics will change considerably. The
10 Committee simply requests that solicitation of its plan and the hearing on confirmation be
11 scheduled simultaneously with the Fourth Amended Plan.

12 *Third*, this Court may dismiss this Chapter 11 Case. The Debtor has conceded that it is
13 administratively insolvent and nothing has changed to suggest that Survivors will not
14 overwhelmingly reject the Fourth Amended Plan. There is no reason to incur additional delay
15 and significant administrative expense to have a do over of the ill-fated confirmation exercise that
16 was endured last year.

17 II.

18 BACKGROUND

19 A. The Debtor’s Failed Attempt to Cramdown the Third Amended Plan on 20 Survivors

21 On April 3, 2025, the Debtor filed its *Third Amended Disclosure Statement for Debtor’s*
22 *Third Amended Plan of Reorganization* [Dkt. No. 1874] (the “**Disclosure Statement**”). Attached
23 as Exhibit A to the Disclosure Statement was the Debtor’s *Third Amended Plan of Reorganization*
24 [Docket No. 1874-1] (the “**Third Amended Plan**”).

25 This Court approved the Disclosure Statement and established solicitation procedures on
26 April 4, 2025. *See* Dkt. No. 1877. In furtherance thereof, this Court entered a scheduling order,
27 governing, among other things, certain deadlines and discovery between the parties in anticipation
28 of the confirmation hearing [Dkt. No. 1893] (as amended, the “**Confirmation Scheduling**

1 **Order**”). The Court scheduled a confirmation hearing on the Third Amended Plan to begin on
2 August 25, 2025.

3 By the May 30, 2025 voting deadline, 343 Survivors voted on the Third Amended Plan,
4 with 341 of them (**99.4%**) voting to reject the Third Amended Plan. *See Declaration of Andres*
5 *A. Estrada with Respect to Solicitation and the Tabulation of Votes on the Debtor’s Third*
6 *Amended Plan of Reorganization* [Dkt. No. 2040] (the “**Vote Tabulation Declaration**”).³

7 Undeterred, the Debtor stubbornly persisted in its effort to cramdown the Third Amended
8 Plan on Survivors, although the Debtor faced considerable challenges in doing so. As argued in
9 the Committee’s previous pleadings:

- 10 • The Debtor manufactured an impaired accepting class of creditors—Class 3
11 (General Unsecured Creditors)—to avail itself of cramdown.
- 12 • The Debtor failed to value Survivor claims to determine the actual percentage
13 recovery Survivors would receive under the Third Amended Plan.
- 14 • The Debtor unilaterally declared that hundreds of millions of dollars of its assets,
15 including the vast majority of its real estate holdings, were “mission critical” and
16 should not be included in the hypothetical liquidation test.
- 17 • The Debtor sought a third-party release in favor of its non-debtor affiliate Roman
18 Catholic Welfare Corporation (“**RCWC**”).

19 And, as alleged in the Committee’s “Restricted Assets” complaint (Adv. Pro. No. 2404051
20 WJL), the Debtor disregarded \$38 million in cash and investments that could be used to either
21 pay Survivors directly or to satisfy future expenses—thereby freeing up unrestricted cash to pay
22 Survivors—claiming these funds are “restricted.”

23 On July 16, 2025, the Debtor finally admitted defeat, filing the *Debtor’s Motion to*
24 *Continue Confirmation Hearing and to Reset Confirmation Schedule* [Dkt. No. 2147] (the
25 “**Adjournment Motion**”). Although the Adjournment Motion was filed under the guise of

26 ³ Only two other Roman Catholic Dioceses have attempted to cramdown chapter 11 plans of reorganization
27 on survivors of sexual abuse. In those cases, survivors voted to reject the debtors’ plans of reorganization
28 by 93% and 86%. *See* (i) *In re The Archdiocese of St. Paul & Minneapolis*, Rep. of Ballot Tabulation,
Case No. 15-30125 (Bankr. D. Minn. May. 11, 2017), Dkt. No. 1041; and (ii) *In re The Roman Catholic*
Diocese of Rockville Centre, Declaration of Stephanie Kjontved of Epiq Corporate Restructuring, LLC
Regarding the Solicitation and Tabulation of Ballots Cast on Fourth Modified First Amended Chapter 11
Plan, Case No. 20-12345 (Bankr. S.D.N.Y. Apr. 17, 2024), Dkt. No. 3057.

1 liquidity constraints, the extensive obstacles preventing the Debtor from cramming down the
2 Third Amended Plan on Survivors was the transparent motive for the filing.

3 In the Adjournment Motion, the Debtor represented to this Court that upon approval of
4 the motion, it “*would use th[e] additional time to sell real estate to fund the increased*
5 *administrative expenses of the Chapter 11 Case and to continue to try to reach a settlement*
6 *with the Committee* (and a monetary settlement with one or more Insurers). *Id.* at 3; 21–24
7 (emphasis added).

8 To date, six months after the Debtor filed the Adjournment Motion, the Debtor has filed
9 two sale motions requesting authority to sell two residential properties for a total of less than
10 \$3 million. *See* Dkt. No. 2490 and 2554.

11 **B. The Debtor Moves to Dismiss this Chapter 11 Case**

12 Having not sold a single property, on October 20, 2025, the Debtor moved to dismiss this
13 Chapter 11 Case [Dkt. No. 2293] (the “**Dismissal Motion**”). Here are just some of the statements
14 made by the Debtor in support of its argument that there was a substantial and continuing loss of
15 estate value and an absence of a reasonable likelihood of rehabilitation:

- 16 • “The Debtor can no longer afford the administrative expense associated with
17 pursuit of confirmation of its pending plan of reorganization through a contested
18 plan confirmation process, and even if the Debtor could afford this cost, it does
19 not believe it should continue to pay the administrative cost of the Chapter 11 Case
20 where there are no likely prospects for a global, consensual resolution.” Dismissal
21 Motion, ii; 6–10
- 22 • “The Debtor has experienced substantial and continuing losses driven primarily
23 by the fees of Committee professionals, and it therefore no longer has sufficient
24 cash to seek confirmation of its pending plan through a contested cramdown
25 confirmation process.” Dismissal Motion, v; 9–11.
- 26 • “[T]he Debtor does not believe it makes any sense to continue to pay the cost to
27 remain a debtor in chapter 11 where there are no present prospects for a global
28 settlement. The cost is too high, and the survivors in this Chapter 11 Case – and
the 500,000+ faithful Catholics in the Diocese of Oakland – deserve better.”
Dismissal Motion, v; 13–16.
- “In sum, the Debtor is not likely to be able to rehabilitate its operations before it
becomes administratively insolvent. *The case must be dismissed.*” Dismissal
Motion, vi; 1–2 (emphasis added).

These assertions, some subsequently supported by a declaration of Attila Bardos (Dkt.
No. 2414), none of which have been withdrawn, are almost impossible to square with the Debtor’s

1 recent announcement that it is prepared for an unprecedented second plan confirmation battle
2 with the Committee, with a cost projected by the Debtor of over \$11 million. *See Exhibit A to*
3 *Declaration of Daniel Flannigan in Support of Debtor's Motion to Amend Order Establishing*
4 *Procedures for Interim Compensation* [Dkt. No. 2561].

5 Given, among other things, the inability of the Debtor and the Committee to reach
6 agreement on the terms of a consensual plan of reorganization, the Committee supported the relief
7 requested in the Dismissal Motion through a statement in support [Dkt. No. 2329], although the
8 Committee requested that this Chapter 11 Case be dismissed with prejudice.

9 **C. This Court Grants the Dismissal Motion**

10 The Dismissal Motion was granted without prejudice at an October 29, 2025 hearing. By
11 granting the Dismissal Motion, this Court found “cause” to do so. The Debtor’s grounds for
12 “cause” included the substantial and continuing loss to or diminution of the estate and the absence
13 of a reasonable likelihood of rehabilitation. *See* 11 U.S.C. § 1112(b)(4)(A); *see also* Dismissal
14 Motion, V.A.

15 At the Debtor’s request and over the Committee’s objection, this Court did not dismiss
16 this Chapter 11 Case immediately but set a status conference on the Dismissal Motion for
17 November 12, 2025, to allow additional time for mediation. No order was entered after the
18 October 29th hearing.

19 At the November 12th status conference, one of the mediators, retired Bankruptcy Judge
20 Newsome, requested a 14-day extension, but “not one minute later,” before dismissal would be
21 effective to allow continued mediation. *See* Transcript of November 12, 2025 hearing, 10:3-16.

22 On November 25, 2025, this Court entered an Order dismissing the bankruptcy case
23 effective November 26, 2025 at 5:00 pm PT (as subsequently modified, the “**Dismissal**
24 **Deadline**”) unless the Debtor filed with the Court “a settlement term sheet which (a) sets forth
25 the basic structure and provisions of a plan with enough information to understand in basic terms
26 the treatment of claims, and (b) is signed by the Debtor and any party who is in support of the
27 term sheet.” Dkt. No. 2467 ¶ 3.

28

1 **D. Exchange of Plan Term Sheets**

2 On November 26, 2025, the Mediators circulated a Mediators' Proposal to the Debtor, the
3 Debtor's affiliates, the Committee and the Debtor's insurers. Given that the Dismissal Deadline
4 was 5:00 pm PT that day, the Committee agreed to a short extension of the deadline to allow for
5 further negotiations.

6 On November 26, 2025, this Court entered a docket order providing, in part:

7 The Debtor, the Official Committee of Unsecured Creditors, and the mediators
8 appointed in this matter, having mutually agreed upon the requested extension,
9 communicated with the Court the request to extend the deadline for the admission
10 of assigned term sheet from November 26, 2025 at 4:59 p.m. PST to December
11 10, 2025 at 4:59 p.m. PST. The Court hereby GRANTS the request.

12 On December 9, 2025, the Mediators issued another Mediators' Proposal. Although the
13 Committee did not find the Mediators' Proposal acceptable, the Committee was of the view that
14 the proposal represented progress in the negotiations, and it supported an additional extension of
15 the Dismissal Deadline.

16 On December 10, 2025 at 4:52 pm ET, the Mediators provided the Committee with a
17 Mediators' Term Sheet, along with a demand that the Committee respond with an acceptance or
18 rejection by 7:59 pm ET on December 11th. The Mediators indicated they were not soliciting
19 counteroffers and that any counterproposal would be treated as a rejection.

20 On December 11, 2025, the Committee rejected the Mediators' Proposal but asked the
21 Mediators to permit it to make a counterproposal to the Debtor by December 17th.

22 On December 11, 2025, just before the Dismissal Deadline, the Debtor filed a *non-*
23 *binding* Term Sheet setting forth certain terms of the Fourth Amended Plan, which was executed
24 on behalf of the Debtor, RCWC, Adventus and three insurance carriers: Continental Casualty
25 Company, Westport Insurance Corporation and the London Market Insurers. *See Corrected*
26 *Notice of Filing of Non-Binding Term Sheet* [Docket No. 2505] (the "**Debtor's December 11th**
27 **Term Sheet**"). Under the Debtor's December 11th Term Sheet, the settling insurers proposed to
28 pay up to \$42 million to buy back their insurance policies and resolve their contractual liability.
The Committee is not a party to the Debtor's December 11th Term Sheet and will object to the

1 proposed insurer settlement because the insurers' contribution is woefully inadequate to resolve
2 their liability under their insurance policies.

3 On December 17, 2025, the Debtor filed an amended Term Sheet. *See Supplemental*
4 *Notice of Filing Non-Binding Term Sheet* [Dkt. No. 2521] (the "**Debtor's December 17th Term**
5 **Sheet**"). The Debtor's December 17th Term Sheet mirrored the Debtor's December 11th Term
6 Sheet except that it reflects the signatures of three additional insurer parties, two of which agreed
7 to make monetary contributions as settling insurers. The \$44.3 million proposed to be paid by
8 the insurers also falls far short of fairly and equitably resolving the insurers liability to the
9 Debtor's estate.

10 On December 17, 2025, the Committee provided the Debtor with a counterproposal (the
11 "**Committee's December 17th Term Sheet**"). The next day, December 18, 2025, this Court
12 held a Status Conference wherein the Committee did not oppose extending the Dismissal
13 Deadline for a reasonable period to allow for the Debtor to review and respond to the Committee's
14 counterproposal. But the Committee reserved its rights to challenge whether the Debtor satisfied
15 the Dismissal Order's condition precedent to avoid dismissal of this Chapter 11 Case: that is the
16 filing of a term sheet as contemplated by this Court.

17 **E. The Debtor Re-Pleads Administrative Insolvency**

18 On January 13, 2026 the Debtor filed its second motion to amend this Court's *Order*
19 *Authorizing Procedures for Interim Compensation and Reimbursement of Expenses of*
20 *Professionals* [Dkt. No. 170] (the "**Interim Compensation Order**"). *See Debtor's Motion to*
21 *Amend Order Establishing Procedures for Interim Compensation and Reimbursement of*
22 *Expenses of Professionals* [Dkt. No. 2560] (the "**Professional Fee Payment Discontinuance**
23 **Motion**"). Though blaming liquidity constraints as grounds to cease making all payments to
24 professionals until this Chapter 11 Case concludes, the Debtor nonetheless indicates that it will
25 seek to prosecute a Fourth Amended Plan, with or without the Committee's support.⁴ The

26 _____
27 ⁴ This is not the first or even second time the Debtor has threatened administrative insolvency to achieve its
28 self-serving goals. It pleaded poverty as early as October 2024 and again in April 2025. *See* Oct. 15, 2024
Hr'g Tr. at 37:22–24 and *Debtor's Motion to Amend Order Establishing Procedures for Interim*
Compensation and Reimbursement of Expenses of Professionals [Dkt. No. 1908].

1 Committee will file an objection to the Professional Fee Payment Discontinuance Motion but here
2 are just some of the problems raised by the Professional Fee Payment Discontinuance Motion:

- 3 • Despite having conceded that assets of its parish churches (“**Churches**”) are assets
4 of its bankruptcy estate, the Debtor continues to exclude the assets of and earnings
5 from Churches which, based on financial information provided by the Debtor,
6 averaged approximately \$6 million per year from 2009 to 2023.⁵
- 7 • Conveniently left off the Debtor’s list of professionals subject to the Debtor’s
8 request (and not used in the comparison of Debtor versus Committee professional
9 fees) are the following Debtor professionals, which have collectively been paid
10 just under **\$3.8 million**:
 - 11 (i) Matthew Kemner, who has been paid \$1,308,940 thus far;
 - 12 (ii) Allen, Glaessner, Hazelwood & Werth, LLP, which has been paid
13 \$182,157 thus far;
 - 14 (iii) Plageman, Lund & Cannon LLP, which has been paid \$76,177 thus
15 far;
 - 16 (iv) Best Best & Krieger LLP, which has been paid \$28,988 thus far;
 - 17 (v) Paul Bongiovanni, who has been paid \$190,933 thus far; and
 - 18 (vi) VeraCruz Advisory which has been paid \$1,993,648 thus far.
- 19 • Although the Debtor seeks authority to discontinue paying administrative
20 expenses arising from professional fees, it does not seek to discontinue paying
21 other administrative expenses. Insiders, such as the Catholic Cathedral
22 Corporation of the East Bay, priests and other employees of the Debtor, will
23 continue to receive timely payment from the Debtor. In fact, the Debtor has done
24 nothing throughout this Chapter 11 Case to restructure its business affairs to
25 reduce expenses.
- 26 • The Debtor fails to site a single case wherein a Bankruptcy Court permitted a
27 debtor to discontinue paying professionals on both a monthly and quarterly basis
28 pending conclusion of the case.
- The Debtor projects to incur professional fees of \$11.134 million from December
2025 to March 2026 in the hopes that it will be the first Diocese, *ever*, to cramdown
a plan of reorganization on Survivors. *See Exhibit A to Declaration of Daniel
Flannigan in Support of Debtor’s Motion to Amend Order Establishing
Procedures for Interim Compensation* [Dkt. No. 2561].
- Because the Debtor has only paid 75% of the sixth and seventh interim
professional fee holdbacks, leaving a balance due of \$836,118.50, if the motion is
granted, the Debtor projects unpaid professional fees will total \$11,970,118 at the
end of March 2026. *See id.*

⁵ Perhaps this fact, among the many, is the clearest example of the gamesmanship being played by the Debtor.

- Granting the motion will provide the Debtor with a free option: it may prosecute its Fourth Amended Plan to the ends of cramdown without the accompanying expense. If the Committee defeats cramdown, the Debtor will likely claim that it is unable to pay accrued professional fees based on administrative insolvency.

F. Status of Mediation

On January 14, 2026, nearly one month after the Committee provided the Debtor with the December 17th Term Sheet, the Debtor finally responded. The bottom line: the Debtor rejected virtually all of the Committee's proposals.

Even so, as requested by the Mediators, the Committee, some of their state court counsel and Committee's professionals attended what was to be a two-day mediation session on Friday, January 16 and Saturday, January 17, 2026 in Los Angeles, California. Among those in attendance were three Committee members, having traveled from Portland, Oakland and Los Angeles and seven state court counsel to Committee members, having traveled from Seattle, Minneapolis and San Francisco (the balance of the Committee participated by Zoom personally or through their counsel). *The Bishop was invited and expected to attend. He did not.*

On January 16, 2026, after 8 hours, the mediation adjourned without the Debtor agreeing to a single component of the Committee's December 17th Term Sheet or making a single additional proposal to the Committee. The Saturday, January 17th mediation session was cancelled by the Mediators because it did not appear that further progress could be made.

G. The Debtor's January 16th Status Conference Report

While mediation was ongoing on January 16th, the Debtor filed a Status Conference Report [Dkt. No. 2565] (the "**Debtor's January 16th Status Conference Report**") wherein the Debtor:

- Announced that it intends to file a new plan of reorganization—the Fourth Amended Plan—within the next two weeks, even if that plan will require cramdown on Survivors and/or will be subject to objection by other parties.
- Reveals that it intends to discuss a confirmation schedule with the Court at the January 20, 2026 status conference.
- Misleadingly advertises, again, that its coming Fourth Amended Plan is fair and equitable, relying solely on inaccurate comparisons to distributions made in self-selected other diocesan bankruptcy cases with no reference to the value of the Debtor's assets or the value of Survivor claims. *See Debtor's January 16th Status Conference Report, 2;16–26.*

- 1 • Applauds itself for the amount of its contribution to the Survivors' Trust yet makes
2 no mention of the fact that it is only paying \$150 million and the balance, \$50
3 million coming from RCWC, is conditioned on Survivors granting RCWC a third-
4 party release.
- 5 • Fails to explain that just \$62.7 million will be paid to the Survivors' Trust on the
6 Effective Date, with \$108.3 million—54%—being paid in four to five years.
7 Again, during the almost three years this Chapter 11 Case has been pending, the
8 Debtor has sought to sell just less than \$3 million in real estate. Had the Debtor
9 timely commenced its real estate restructuring, the five-year term would be two.⁶
- 10 • ***Does not mention that many Survivors have passed away, many in their 50s and***
11 ***60s, waiting for this Chapter 11 Case to resolve.*** Indeed, many Survivors die
12 early deaths directly related to the consequences of their childhood sexual assault.
- 13 • Ignores the psychological effects of requiring Survivors to remain dependent on
14 the Debtor for the next half decade. ***Survivors are desperate for closure. Attached***
15 ***as Exhibit A is an email counsel to the Committee recently received regarding***
16 ***the importance of closure.***
- 17 • Opines that the “major point of separation between the Debtor and the Committee
18 at this point appears to be not the amount of the settlement payment, but rather the
19 time the Debtor needs to liquidate certain real estate assets to enable it to fund all
20 of the settlement payment.” Debtor’s January 16th Status Conference Report, 3;1–
21 4. The Committee has a very different opinion.

22 The parties have not reached agreement on the amount of the settlement payment
23 or its timing or how the Debtor’s insurance assets will be monetized. But the
24 Committee very much agrees that there is a material dispute regarding the Debtor’s
25 unwillingness to contribute even a single dollar from its vast reserves of cash and
26 marketable securities and its proposed sale of real estate to fund this Chapter 11
27 Case and a distribution to Survivors.

28 Over six months ago the Debtor told this Court it would sell a small portion of its
billion dollar real estate portfolio to pay administrative expenses. To date, it has
entered into contracts to sell two residential properties for less than \$3 million, one
of which has closed and the second of which is subject to a motion pending before
this Court.

- Indicates that it will be filing a motion under Federal Rule 60 for relief from the
Lift Stay Order. Although the Debtor asserts that the Lift Stay Order was
predicated on the Debtor’s insurers defending the Debtor in state court, there is
nothing in the record suggesting that was the condition on which the stay was
lifted. The Debtor’s anticipated motion should be seen for what it is: a transparent
attempt to delay representative trials for fear that the Debtor’s and Insurer’s
exposure will increase Survivors are afforded their Constitutional right to present
evidence to juries of their peers.

Of the six state court actions permitted to proceed by this Court’s Lift Stay Order,
only two trials have been scheduled. The Committee is informed that the reason
for the months long delay is two-fold.

⁶ The Committee does not concede that payment by the Debtor to the Survivors’ Trust over time is
necessary, let alone over half a decade.

1 *First*, the Pacific Insurers were permitted to intervene in the state court action to,
 2 among other things, participate in case selection.⁷ Permitting the Pacific Insurers'
 3 participation led to the selection of three cases whose facts are not representative
 4 of the vast majority of the other 350 or so cases pending against the Debtor. In
 5 turn, resolution of these three cases provides little to no useful information from
 6 which to assist in a global resolution.⁸

7 *Second*, the Debtor informed Plaintiffs' Liaison Counsel that Foley & Lardner
 8 would not serve as its defense counsel and so, it needed time to retain new counsel.
 9 Based on the Debtor's January 16th Status Conference Report, it now appears
 10 Foley & Lardner will defend the Debtor.

11 The Debtor will soon seek to delay the March 16th trial for at least two sham
 12 reasons.

13 *First*, because the Debtor's insurers are refusing to pay defense counsel more than
 14 \$350 per hour. Even if true, this is not justification for adjourning the trial. And
 15 any perceived inequity pales in comparison to what Survivors have and continue
 16 to go through, particularly in light of the mounting professional fees incurred by
 17 the Debtor, much of which could (and should) have been paid years ago to
 18 Survivors.

19 *Second*, because the California Supreme Court granted Plaintiffs' Liaison
 20 Counsel's Writ of Review contesting the Coordination Judge's ruling that
 21 Proposition 51, enacted in 1986, retroactively applies to cases before the Court
 22 where the abuse occurred before the date of its enactment. The Debtor argues that
 23 trials cannot be held due to this uncertainty. There is no uncertainty. The
 24 Committee is apprised that six Justices unanimously granted Plaintiffs' Writ of
 25 Review and ordered the Court of Appeals to issue an Order to Show Cause to the
 26 trial court why relief should not be granted to reverse the Court's erroneous ruling.
 27 The fact that the California Supreme Court unanimously issued the Order to Show
 28 is a clear indication that the Trial Court erred and makes it crystal clear that
 Proposition 51 is not retroactive.

The appellate court's decision will have *zero* impact on the trial itself in any event.
 The allocation issue presented addresses post judgment allocation of collectable
 non-economic damages and does not affect the conduct of the trial or its timing.
 It involves a post judgment adjustment of the Judgment itself, without any effect
 as to admissibility of evidence, jury issues, or how the trial proceeds. Indeed, the
 Committee understands that one of the Archdiocese of San Francisco state court
 actions released for trial by Judge Montali in that bankruptcy action is proceeding
 on February 9th, with the same post-judgment issue.

7 The "**Pacific Insurers**" are, collectively, Pacific Employers Insurance Company, Pacific Indemnity
 Company, Insurance Company of North America, and Pacific Employers Insurance Company, Westchester
 Fire Insurance Company.

8 Plaintiffs' Liaison Counsel objected to the Pacific Insurers' request to intervene on multiple grounds,
 including that this Court rejected their request to participate in case selection and lack of standing, because
 the Pacific Insurers provide insurance coverage for a small percent of the roughly 350 state court actions
 pending against the Debtor, yet now have a voice in which cases may proceed to trial to assist in resolving
 the Debtor's aggregate liability. Plaintiffs' Liaison Counsel also argued that the dispute arising out of the
 Pacific Insurers' request should have been adjudicated by this Court, given this Court's reservation of
 jurisdiction over disputes arising from the Lift Stay Order.

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28**III.**
THE PROPOSED PATH AHEAD

As early as December 2024, the Committee pleaded with the Debtor not to embark on a fools' errand: an attempt to cramdown the Third Amended Plan over Survivors. *See, e.g., The Official Committee of Unsecured Creditors Objection to the Debtor's Disclosure Statement* [Dkt. No. 1518]. The Debtor proceeded apace, ignoring the Committee's warnings that the Debtor would spend millions of dollars and in the end, not confirm its plan.

In recent filings, the Debtor has announced its intent to request that the Court countenance a second bite at the apple.⁹ The very notion that the Debtor seeks to do the same thing but expects a different result brings to mind the colloquial definition of "insanity." The Committee requests that the Court allow the Committee to finally play the role of protagonist as suggested by the Court more than a year ago¹⁰ given that the Debtor's efforts have fallen flat.

There are at least three ways to bring this Chapter 11 Case to a more efficient and speedier resolution.¹¹

First, the pending "Restricted Asset" adversary proceeding should recommence immediately and be resolved before or at any plan confirmation hearing. *See* Adv. Pro. No. 24-04051.

At the same time, this Court should compel the Debtor to file a real estate monetization plan (the "**Real Estate Monetization Plan**"), providing for both the projected timing of the listing for, and sale proceeds from, each property the Debtor proposes to sell. Having represented to this Court in the Adjournment Motion that it would sell property but having failed to do so, it is

⁹ Although this time it asks this Court for a freebie, requesting that it not have to pay any professionals for its role of the dice.

¹⁰ *See* Jan. 15, 2025 Hr'g Tr. at 18:6–13 [Dkt. No. 1645] ("As I've said in [an]other context, time is a long thing. And if we end up in a situation where I am convinced, either by legal arguments or by the vote of constituents, that the plan the debtor proposes cannot be confirmed, we'll be in a different place. And at that point, it will be -- there will be nothing wrong with reconsidering whether, as part of that scenario, the better course is to allow the committee to be more of a protagonist here than they are right now.").

¹¹ In connection with the first and second options, this Court should outright deny (i) the Professional Fee Payment Discontinuance Motion given its unprecedented and inequitable nature and (ii) the motion for relief from the Lift Stay Order given that the Debtor is wholly incapable of meeting any of the Federal Rule 60 standards.

1 evident the Debtor cannot be taken at its word. Accordingly, this Court should impose strict
2 deadlines for the listing and sale of each property. Before doing so, the Committee should be
3 granted the right to comment and/or object to the Debtor's Real Estate Monetization Plan, the
4 Court an opportunity to hear the parties' positions and then, the Court should oversee the Debtor's
5 Real Estate Monetization Plan by requiring the Debtor to comply with the established deadlines.
6 Without the Debtor committing to, and being bound by, a sale process, the Debtor may very well
7 continue to drag its feet or choose not to sell its properties at all before a confirmation hearing,
8 and if the Fourth Amended Plan is not confirmed, take the position that it lacks the funds to pay
9 unpaid administrative claims.

10 The exercise will be required in all circumstances because the Debtor will need to establish
11 that it will remain administratively solvent and able to pay all administrative claims to avoid
12 dismissal or for plan feasibility purposes.

13 **Second**, if the Debtor is permitted to prosecute its Fourth Amended Plan, this Court should
14 permit the Committee to solicit its own plan of reorganization. At least one court overseeing a
15 diocesan bankruptcy case permitted a committee to solicit a competing plan. The case
16 subsequently settled. *See, e.g., In re The Archdiocese of St. Paul & Minneapolis*, Case No. 15-
17 30125 (Bankr. D. Minn.). A Committee plan will expose to the Debtor to "losing" in this case,
18 rather than "just not winning." In turn, the settlement dynamics will change considerably.

19 The Committee will be able to file its competing plan promptly so that it will be ready for
20 solicitation at the same time and on the same schedule as the Debtor's Fourth Amended Plan.
21 There can be one Disclosure Statement hearing, one solicitation process and a single plan
22 confirmation hearing.

23 **Third**, this Court may dismiss this Chapter 11 Case. Indeed, given the tricks the Debtor
24 is up to, seeking not to pay professionals so it can get a free shot at confirmation while seeking to
25 delay state court trials, dismissal is the only way to stop the Debtor's nonsense and begin to deliver
26 Survivors some semblance of justice through the traditional state court system.

27 Some of the state court actions were commenced more than six years ago and virtually
28 none have been resolved because the Debtor's bankruptcy stayed the actions. The number of

1 Oakland survivors who have died waiting for these cases to end far exceeds the isolated few who
2 reached the conclusion of their case before the Bankruptcy Stay three years ago. In turn, the path
3 to some semblance of justice and healing, and an end to the years, indeed lifetime, of agony—
4 taking responsibility, payment of fair compensation and closure—has been blocked. Relieving
5 pressure on the Debtor and its insurers to settle this Chapter 11 Case fairly and equitable by re-
6 staying the state court actions would be catastrophic to Survivors, whose lives have been forever
7 altered. Likewise, allowing the Debtor to proceed down yet another dead end would yield the
8 same result. In either case, Survivors will continue to pass away, which may just be a part of the
9 calculus.

10 Dated: January 19, 2026

LOWENSTEIN SANDLER LLP
KELLER BENVENUTTI KIM LLP
BURNS BAIR LLP

11
12 By: /s/ Gabrielle L. Albert

Gabrielle L. Albert

Tobias S. Keller

Jane Kim

14
15 -and-

16 Jeffrey D. Prol

Brent Weisenberg

17
18 -and-

19 Timothy W. Burns

Jesse J. Bair

20 *Counsel for the Official Committee of*
21 *Unsecured Creditors*
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EXHIBIT A

Weisenberg, Brent I.

Subject: Delayed payments

Importance: High

-----Original Message-----

From:

Sent: Tuesday, December 30, 2025 1:03 PM

To: Weisenberg, Brent I. <BWeisenberg@lowenstein.com>

Cc:

Subject: Delayed payments

Happy new year Brent,

I hope you had nice holiday. You certainly deserve it.

Brent, something occurred to me that I wanted to share. This is my situation and I'm sure it is the same for many of the victims. I'm 62 now, 50 + years reliving the abuse every day and night. I was abused on dozens of occasions and it changed who I was for life. Like a prison sentence, only worse in many ways. I've always been a silent victim. I learned skills to try to bury some of the most horrible memories. A lifetime of misplaced, silent guilt and shame have taken a horrible toll, mentally, socially and more so physically. The intense levels of cortisol have done a number on me. I simply can't take "normal" life any longer. I suffer from severe PTSD and crippling depression, and mind bending dissociative disorders, yet I struggle through each day in hope that someday I can take back what I've lost through intensive therapy and stop working. I can not afford my ongoing treatment and therapy. I have reached a point that I am incapable of doing my duties to maintain my once very successful companies. The guidance and work required to keep my business and source of my sole income is gone. I'm financially ruined by "coming out" about my abuse. I've lost most of my family, friends and clients.

Delayed payment plans on behalf of my sexual abuser do not allow me to stop working for the rest of my life to recover through therapy. I only wish to shed the past and become a better version of myself, helping others survive and do the same. A payment plan may pay the bills for a few years and temporarily replace my income. Making the abused further beholden to the church, who I no longer can trust with anything, to make payments that match up to the needs is just further abuse. Gone is my ability to plan my own financial future, gone is my ability to borrow from lending institutions. Gone is my retirement. THEY (my abuser church) control my future when all of us don't want them to have anything over us. More stress, to add to my already full life of debilitating stress and depression, will kill me. For this reason, I beg you not to give an inch on a one payment plan. Pay us and leave us alone to rebuild. They have no legitimate reason to make payments other than to reap the benefits of their investment portfolio. It's always about what's in their best interest, not ours. That should not be permitted.

If we settle on a payment plan, I will personally dedicate what energy I have left to expose the public to the evil of the church I once loved, the deceptions, avoidance of the issues and horrific protections given and directed by the vatican and their grotesque treatment "policy and practices" of protecting sexual

deviants, by my bishop, Monsignor, associate pastor, all while not giving an F for the young and helpless victims!

Thank you for all you and so many others for fighting this evil and seeking justice.