

Docket #2580 Date Filed: 01/28/2026

**REDACTED VERSION OF PRELIMINARY OBJECTION OF THE  
OFFICIAL COMMITTEE TO AMEND ORDER ESTABLISHING PROCEDURES FOR  
INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES OF  
PROFESSIONALS**

**LOWENSTEIN SANDLER LLP**  
Jeffrey D. Prol (*pro hac vice*)  
Brent Weisenberg (*pro hac vice*)  
One Lowenstein Drive  
Roseland, NJ 07068  
Telephone: (973) 597-2500  
Email: [jprol@lowenstein.com](mailto:jprol@lowenstein.com)  
Email: [bweisenberg@lowenstein.com](mailto:bweisenberg@lowenstein.com)

**KELLER BENVENUTTI KIM LLP**  
Tobias S. Keller (Cal. Bar No. 151445)  
Jane Kim (Cal. Bar No. 298192)  
Gabrielle L. Albert (Cal. Bar No. 190895)  
101 Montgomery Street, Suite 1950  
San Francisco, CA 94104  
Telephone: (415) 496-6723  
Email: [tkeller@kbkllp.com](mailto:tkeller@kbkllp.com)  
Email: [jkim@kbkllp.com](mailto:jkim@kbkllp.com)  
Email: [galbert@kbkllp.com](mailto:galbert@kbkllp.com)

**BURNS BAIR LLP**  
Timothy W. Burns (*pro hac vice*)  
Jesse J. Bair (*pro hac vice*)  
10 East Doty Street, Suite 600  
Madison, WI 53703-3392  
Telephone: (608) 286-2808  
Email: [tburns@burnsbair.com](mailto:tburns@burnsbair.com)  
Email: [jbair@burnsbair.com](mailto:jbair@burnsbair.com)

*Attorneys for The Official Committee  
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  
)  
) **PRELIMINARY OBJECTION OF**  
) **THE OFFICIAL COMMITTEE OF**  
) **UNSECURED CREDITORS TO**  
) **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. (Pacific Time)  
) Place: United States Bankruptcy Court  
) 1300 Clay Street  
) Courtroom 220  
) Oakland, CA 94612  
  
)  
) Re: Dkt. No. 2560

**TABLE OF CONTENTS**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**PAGES**

TABLE OF AUTHORITIES .....		ii
I. PRELIMINARY STATEMENT .....		1
II. THE MOTION TO AMEND SHOULD BE DENIED.....		4
III. THE MATERIAL TERMS OF THE DEBTOR’S TERM SHEET ARE NEITHER FAIR NOR EQUITABLE .....		8
A. The Debtor Misleadingly Asserts this Chapter 11 Case Will Provide Survivors With the Highest Average Recovery in the History of Comparable Diocesan Cases.....		9
B. The Debtor Can Pay the Proposed \$200 Million to the Survivors’ Trust in Far Less than Five Years .....		11

**TABLE OF AUTHORITIES**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**Page(s)**

**CASES**

*In re Bayou Self, Inc.*,  
73 B.R. 682 (Bankr. W.D. La. 1987).....8

*In re BH S&B Holdings, LLC*,  
439 B.R. 342 (Bankr. S.D.N.Y. 2010).....8

*Commodity Futures Trading Comm’n v. Weintraub*,  
471 U.S. 343 (1985).....5

*In re Hertz*,  
536 B.R. 434 (Bankr. C.D. Cal. 2015).....5, 6

*In re Knudsen Corp.*,  
84 B.R. 668 (B.A.P. 9th Cir. 1988).....5

*In re Mariner Post-Acute Network, Inc.*,  
257 B.R. 723 (Bankr. D. Del. 2000).....5

*Off. Comm. of Unsecured Creditors v. Hancock Park Cap. II, L.P.*  
*(In re Fitness Holdings Int’l, Inc.)*, 714 F.3d 1141 (9th Cir. 2013).....9

*Robertson v. Pierce (In re Chi-Feng Huang)*,  
23 B.R. 798 (B.A.P. 9th Cir. 1982).....6

*Travelers Cas. & Sur. Co. of Am. v. Pac. Gas & Elec. Co.*,  
549 U.S. 443 (2007).....9

**STATUTES**

11 U.S.C. § 1112.....8

11 U.S.C. § 1129.....3

**OTHER AUTHORITIES**

S. Elizabeth Gibson, *A Guide to the Judicial Management of Bankruptcy Mega-Cases*, 18 (1st ed. 1992) .....5

1 The Official Committee of Unsecured Creditors (the “**Committee**”) in the chapter 11  
2 bankruptcy case (this “**Chapter 11 Case**”) of the Roman Catholic Bishop of Oakland (the  
3 “**Debtor**”) files this preliminary objection (this “**Objection**”) to the *Debtor’s Motion to Amend*  
4 *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of*  
5 *Professionals* [Dkt. No. 2560] (the “**Motion to Amend**”), through which the Debtor seeks to  
6 amend the *Order Authorizing Procedures for Interim Compensation and Reimbursement of*  
7 *Expenses of Professionals* [Dkt. No. 170] (the “**Interim Compensation Order**”).<sup>1</sup>

8 For the reasons below, this Court should deny the Motion to Amend without an  
9 evidentiary hearing. If this Court does not deny the Motion to Amend on a summary basis, the  
10 Committee requests permission to conduct formal discovery into the factual predicates that the  
11 Debtor relies on in support of the Motion to Amend, including the *Declaration of Daniel*  
12 *Flanagan in Support of Debtor’s Motion to Amend Order Establishing Procedures for Interim*  
13 *Compensation and Reimbursement of Expenses of Professionals* [Dkt. No. 2561] (the “**Flanagan**  
14 **Declaration**”).<sup>2</sup>

15 I.

16 **PRELIMINARY STATEMENT**

17 Although conceding administrative insolvency, the Debtor asks this Court to green light  
18 its second attempt to cramdown a plan of reorganization (the “**Fourth Amended Plan**”) while  
19 allowing it to accrue, but not pay, a projected \$11 million in professional fees through March 31,  
20 2026.<sup>3</sup> Approving the Motion to Amend will grant the Debtor a consequence-free run at

21 <sup>1</sup> Through the Motion to Amend, the Debtor also requests authority to withhold **\$4.6 million**, the aggregate  
22 remaining holdback amounts this Court directed the Debtor to pay professionals under the *Order Granting*  
23 *Interim Applications of Estate Professionals for Allowance and Payment of Compensation and*  
24 *Reimbursement of Expenses for the Period Ending August 31, 2025* [Dkt. No. 2546] (the “**Seventh**  
**Interim Fee Order**”). Because a portion of the holdback amounts were accrued during the sixth interim  
25 period, professionals have not received payment in full for services rendered over a year ago.

26 <sup>2</sup> As set forth in the declaration of Brent Weisenberg, Esq. in support of this Objection, attached as **Exhibit**  
27 **A** (the “**Weisenberg Dec.**”), counsel for the Committee attempted to conduct discovery in advance of  
28 filing this Objection. But the Debtor refused to make Daniel Flanagan of VeraCruz Advisory, LLC  
available for a deposition and produced only one of three categories of documents requested by the  
Committee.

<sup>3</sup> The Debtor proposes to continue timely payment of the administrative claims of over 13 ordinary course  
professionals and certain of its affiliates. The amounts being paid to the Debtor’s ordinary course  
professionals are significant, totaling almost **\$4 million** thus far, with VeraCruz having been paid almost

1 cramming down a plan of reorganization on survivors of sexual abuse (“**Survivors**”). Without  
2 risk of loss, any chance that this Chapter 11 Case ends through settlement dramatically decreases.  
3 This is not conjecture. In behavioral economics, “prospect theory” provides that the fear of loss  
4 is more compelling than the appetite for gain when humans make decisions.<sup>4</sup> Accordingly, if  
5 the Motion to Amend is granted, the procedural course of this case will be preordained: with  
6 nothing to lose because professionals will be financing its gambit and will inevitably be left  
7 holding the bag when its Fourth Amended Plan is not confirmed (see Section III, *infra*), the  
8 Debtor will plow forward with no risk to itself and all of the risk on Survivors and professionals.

9 The Motion to Amend should also be denied because:

10 **First**, any purported constraints on the Debtor’s liquidity are a crisis of the Debtor’s own  
11 making. The Debtor’s projections for the period December 2025 through March 2026:

- 12 (i) Do not include assets and earnings from parish churches (“**Churches**”). Based  
13 on financial information provided by the Debtor, the Churches have ██████  
14 ██████ in cash and marketable securities on their balance sheets as of December  
15 31, 2024 (the date of the most recent Church financial statements provided by  
the Debtor) and have generated, on average over the past ten years,  
approximately ██████ per year in adjusted cash flows.<sup>5</sup>
- 16 (ii) Do not propose to use a single penny of allegedly restricted funds, totaling  
17 \$36.2 million, to satisfy projected expenses, some of which almost assuredly  
18 fall within a permitted use of the allegedly restricted funds. The Committee’s  
expert concluded that, at most, 10% of the \$36.2 million is restricted under  
California law.
- 19 (iii) Assume just \$2.5 million to be generated through “Building & Land Sales”  
20 despite the fact the Debtor committed to begin selling real estate six months  
21 ago. To date, the Debtor has listed just two residential properties for sale and  
is poised to receive just \$1.86 million or so in proceeds. *See* Dkt. Nos. 2490,  
2554 and 2579 (withdrawing the sale of one of the two residential properties).

22  
23  
24 **\$2 million** and Matthew Kemner, Esq., special counsel to the Bishop, having been paid roughly **\$1.3 million** during this Chapter 11 Case.

25 <sup>4</sup> James Chen, Prospect Theory: What It Is and How It Works, With Examples, Investopedia (July, 15,  
2025), <https://www.investopedia.com/terms/p/prospecttheory.asp>.

26 <sup>5</sup> On numerous occasions, the Debtor has confirmed that the Churches and their assets are property of the  
27 estate. *See, e.g., Third Amended Disclosure Statement for Debtor’s Third Amended Plan of*  
28 *Reorganization* [Dkt. No. 1874] at 19: 4-5; 22:25-26 (“the Churches . . . do not own or hold a legal or  
equitable interest in property separate from the Debtor.”). Yet, the Debtor’s Monthly Operating Reports  
do not include the Churches’s cash and other assets. The Cash Forecast follows form.

1 (iv) Provide for the payment of **\$1.3 million** to Debtor affiliates (a) the Catholic  
2 Cathedral Corporation of the East Bay (“**CCCEB**”) (which historically was  
3 paid quarterly, not monthly) and (b) the Roman Catholic Cemeteries of the  
4 Diocese of Oakland (“**RCC**”).<sup>6</sup>

5 (v) Provide for the payment of **\$1.4 million** for amorphous expenses categorized  
6 as “Clergy retirement,” “Other Clergy Costs,” “Postage and Printing” and  
7 “Other Mission Related.”

8 **Second**, left unaddressed by the Motion to Amend is how the Debtor may concede  
9 administrative insolvency while seeking to confirm the Fourth Amended Plan, under which  
10 administrative claims must be paid in full. *See* 11 U.S.C. § 1129(a)(9) (precluding confirmation  
11 of a chapter 11 plan that fails to provide for the full payment of allowed administrative claims  
12 absent agreement to lesser treatment by administrative claimants). The Debtor also fails to  
13 address how accrued professional fees will be paid if the Fourth Amended Plan is not confirmed  
14 and this Chapter 11 Case is dismissed. The Debtor cannot reconcile its contradicting positions.  
15 If the Debtor is administratively insolvent—it concedes it is—this Chapter 11 Case must be  
16 dismissed.

17 **Third**, the Debtor continues to treat the Bankruptcy Code as an à-la-carte exercise—  
18 invoking provisions that advance its litigation strategy while brazenly ignoring those that do not.  
19 It disregards the Supreme Court’s mandate that claim valuation is governed by state law,  
20 selectively includes only the assets that suit its preferred hypothetical liquidation analysis and  
21 now seeks to wield the protections of chapter 11 without honoring its statutory obligation to pay  
22 the administrative expenses of this Chapter 11 Case. The Debtor’s approach is nothing short of  
23 an impermissible attempt to rewrite the Code to its own advantage. But the Bankruptcy Code is  
24 not a menu from which a debtor may pick and choose its compliance.

25 The Debtor’s maximalist demand should not be used to compel a compromise. In other  
26 words, “splitting the baby” by requiring 50%, 60% or even 70% of monthly fees to be paid is  
27 not a fair resolution of this matter. Either the Debtor can pay professional fees as they are accrued  
28 and due, or it may not continue using the protections of chapter 11. At a minimum, if this Court

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<sup>6</sup> Between January 2024 and January 2025, the Debtor paid (i) CCCEB **\$4.8 million** and (ii) RCC **\$1.5 million** and between January 2025 and November 2025, the Debtor paid (i) CCCEB **\$5.5 million** and RCC **\$1.1 million**.

1 is inclined to grant the Motion to Amend, it should be conditioned on the Debtor granting a first  
2 priority senior secured lien in favor of professionals to assure payment of approved fees.

3 **II.**

4 **THE MOTION TO AMEND SHOULD BE DENIED**<sup>7</sup>

5 The standard interim compensation holdback structure in both diocesan and non-  
6 diocesan bankruptcy cases is, consistent with the terms of the Interim Compensation Order, as  
7 follows:

- 8 (i) Estate professionals file monthly fee statements.
- 9 (ii) If no objection is filed to an estate professionals' fee application by the  
10 objection deadline, the applicable estate professional files a certificate of no  
11 objection.
- 12 (iii) Upon the filing of the certificate of no objection, the debtor may pay each estate  
13 professional 80% of the fees and 100% of the expenses requested in its monthly  
14 fee statement.
- 15 (iv) Estate professionals may apply for approval of their fees and for payment of the  
16 holdback quarterly.

17 *See, e.g., In re Roman Catholic Bishop of San Diego*, Case No. 24-02202 (Bankr. S.D. Cal.  
18 Sept. 3, 2024) [Dkt. No. 150]; *In re Roman Catholic Archbishop of San Francisco*, Case No.  
19 23-30564 (Bankr. N.D. Cal. Oct. 16, 2023), Dkt. No. 212 (which standards and procedures  
20 were incorporated into the subsequent fee examiner order, Dkt. No. 517); *In re Roman Catholic*  
21 *Diocese of Albany, New York*, Case No. 23-10244 (Bankr. N.D.N.Y. June 29, 2023) [Dkt. No.  
22 295]; *In re Roman Catholic Diocese of Harrisburg*, Case No. 20-00599 (Bankr. M.D. Pa. Mar.  
23 16, 2020) [Dkt. No. 121]; *In re Diocese of Rochester*, Case No. 19-20905, (Bankr. W.D.N.Y.  
24 Dec. 5, 2019) [Dkt. No. 318]; *see also Debtor's Motion to Amend Order Establishing*  
25 *Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [Dkt.  
26 No. 1908] at 6:4-5 (conceding that the payment of 80% of fees incurred by estate professionals  
27 on a monthly basis is common practice).

28 <sup>7</sup> The factual background set forth, and arguments made, in (i) the Corrected Preliminary Objection of the  
Official Committee of Unsecured Creditors to Debtor's Motion to Amend Order Establishing Procedures  
for Interim Compensation and Reimbursement of Expenses of Professionals [Dkt. No. 1987] and (ii) The  
Official Committee of Unsecured Creditors' Status Report in Advance of January 20, 2026 Status  
Conference [Dkt. No. 2566] are included by reference as if fully set forth herein.

1 As explained by the Bankruptcy Appellate Panel of the Ninth Circuit in affirming the  
2 bankruptcy court's approval of interim compensation procedures, "when counsel must wait an  
3 extended period for payment, counsel is essentially compelled to finance the reorganization." *In*  
4 *re Knudsen Corp.*, 84 B.R. 668, 672 (B.A.P. 9th Cir. 1988). The Debtor conveniently omits  
5 reference to this portion of the Ninth Circuit's opinion in citing *Knudsen*. Likewise, it fails to  
6 inform the Court that the Ninth Circuit found this result improper and was concerned that without  
7 payment, qualified practitioners may be discouraged from "participating in bankruptcy cases; a  
8 result that is clearly contrary to Congressional intent." *Id.* at 672 (citations omitted). For this  
9 reason, among others, "[c]ourts have generally recognized that in large cases it is appropriate to  
10 allow payment of professionals more frequently." *In re Mariner Post-Acute Network, Inc.*, 257  
11 B.R. 723, 727 (Bankr. D. Del. 2000). Indeed, a 1992 guide to managing bankruptcy mega-cases,  
12 produced by the Federal Judicial Center, noted the unique pressures that large bankruptcy cases  
13 place on professionals: "In a mega-case, it is likely that the professionals appointed under section  
14 327 are investing huge quantities of time, and therefore receiving payment only once every four  
15 months may impose an intolerable burden on them and may place them at a significant economic  
16 disadvantage to the professionals retained by the creditors." S. Elizabeth Gibson, *A Guide to the*  
17 *Judicial Management of Bankruptcy Mega-Cases*, 18 (1st ed. 1992).<sup>8</sup>

18 Ignoring the reality that the terms of the Fourth Amended Plan are neither fair nor  
19 equitable (see Section III, *infra*) but seeking to best position itself for cramdown, the Debtor  
20 seeks to cloak its decision to defer payment of select professionals in the business judgment rule.  
21 But the business judgment rule provides no such protection. Because a debtor's management  
22 owes fiduciary duties to creditors, the business judgment rule is not a sword through which a  
23 debtor may take action to protect its interests at the expense of other constituencies. *See, e.g.,*  
24 *Commodity Futures Trading Comm'n v. Weintraub*, 471 U.S. 343, 355 (1985) ("the debtor's  
25 directors bear essentially the same fiduciary obligation to creditors and shareholders as would  
26 the trustee for a debtor out of possession."). Rather, when exercising its business judgment, a  
27

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28 <sup>8</sup> This Chapter 11 Case would be considered a "mega-case, because, among other things, the large number  
of parties in interest and the size of the case in terms of assets and liabilities. *See id.* at 5.

1 debtor must consider the interests of its estate and its creditors. See *In re Hertz*, 536 B.R. 434,  
2 442 (Bankr. C.D. Cal. 2015) (quoting *Robertson v. Pierce (In re Chi-Feng Huang)*, 23 B.R. 798,  
3 800-02 (B.A.P. 9th Cir. 1982)) (in the context of a lease rejection, “[t]he primary question to  
4 guide the court in deciding whether a debtor has properly exercised its business judgment is  
5 ‘whether rejection would benefit the general unsecured creditors.’”). The Central District of  
6 California Bankruptcy Court explained that a debtor cannot claim the benefits of the business  
7 judgment rule “where the primary beneficiaries of [the requested action] would be the debtors,  
8 not creditors.” *Id.* (quoting *Chi-Feng*, 23 B.R. at 802-03). In such a case, “the court may decline  
9 to permit [the requested action], as it would give no benefit to creditors, and may only cause  
10 additional delay and administrative expenses.” *Id.*

11 There is only one winner if the Debtor’s Motion to Amend is granted: the Debtor. If  
12 granted, the playing field will tip considerably towards the Debtor because it will have nothing  
13 to lose by proceeding with plan confirmation over the Committee’s objection. And the claims  
14 of unsecured creditors, including Survivors, will be pushed further down the waterfall under the  
15 weight of more than \$11 million of unpaid administrative expense claims that the Debtor projects  
16 will be incurred during that process. The business judgment rule was not created to give a debtor  
17 strategic advantage. It is limited to protecting business decisions that are made in good faith for  
18 the benefit of the bankruptcy estate and its creditors. That is plainly not the case here.

19 The Debtor also fails to justify choosing to pay some administrative fees but not others.  
20 For example, the Debtor will continue paying:

- 21 (a) \$1.3 million to its affiliates, although some payments are being made without  
22 a supporting written contract;
- 23 (b) \$1 million for “Professional Fees & Contractors;”
- 24 (c) \$1.4 million for “Clergy retirement,” “Other Clergy Costs,” “Postage and  
25 Printing” and “Other Mission Related;” and
- 26 (d) ***roughly \$1.1 million to the following Debtor professionals:***
  - 27 (i) \$280,000 budgeted for Matthew Kemner, Esq., special counsel to the  
28 Bishop;
  - (ii) \$280,000 budgeted for VeraCruz;

- 1 (iii) \$132,000 for Kurtzman Carson Consultants, LLC dba Verita Global;  
2 (iv) \$128,000 for Covington & Burling LLP, Special Insurance Counsel for  
3 the Debtor;<sup>9</sup>  
4 (v) \$162,000 for a Claims Valuation Expert;  
5 (vi) \$146,000 for Hilco Real Estate, LLC; and  
6 (vii) \$20,000 for Sitrick and Company, the Debtor’s crises management firm.

7 The Debtor cites no precedent for saddling professionals with the obligation to provide  
8 the Debtor with what amounts to interest free financing.<sup>10</sup> The Debtor’s citation to *In re Roman*  
9 *Catholic Diocese of Rockville Centre, New York* is inapposite where the court increased the  
10 amount of the holdback under distinguishable circumstances. In *Rockville Centre*, the court, *sua*  
11 *sponte*, issued an order imposing a 50% holdback at a hearing where Judge Glenn described the  
12 case as “in terrible shape” with “[f]ees . . . out of control.” *In re Roman Catholic Diocese of*  
13 *Rockville Centre, New York*, Case No. 20-12345 (Bankr. S.D.N.Y. Dec. 19, 2023) [Dkt. No.  
14 2753], Hr’g Tr. 13:9–11, attached to the Weisenberg Dec. as Exhibit 1. At the time the holdback  
15 was implemented, the *Rockville Centre* case was pending for more than three years, professional  
16 fees were substantially higher than in this case (as shown in Section D of the Motion to Amend),  
17 and no fee examiner was appointed.

18 Likewise, the egregious facts in the *In re Boy Scouts of America and Delaware BSA, LLC*  
19 bankruptcy case provide no support for the Debtor’s unprecedented request. At the time the  
20 motion to modify the interim compensation order was filed in the Boy Scouts case:

- 21 • Accrued professional fees were upwards of \$100 million and projected to exceed  
22 \$150 million in just three to four more months. *See Century’s Motion to Amend*  
23 *the Court’s Order (I) Approving Procedures for (A) Interim Compensation and*  
24 *Reimbursement of Expenses of Retained Professionals and (B) Expense*  
*Reimbursement for Official Committee Members and (II) Granting Related Relief*  
*[Dkt. No. 341] [Dkt. No. 3161] at 3.*

25 \_\_\_\_\_  
26 <sup>9</sup> It is unclear why Covington & Burling, a professional retained by the Debtor as special insurance counsel  
27 under section 327 of the Bankruptcy Code, is being singled out for special treatment not afforded to every  
28 other section 327 counsel retained in this Chapter 11 Case.

<sup>10</sup> Similarly, the Debtor’s Term Sheet [Dkt. No. 2521] (the “**Debtor’s Term Sheet**”) requires Survivors to  
finance the Debtor for 5 years with no interest, no collateral and no recourse should payment not be timely  
made.

- The Court described these numbers as “staggering.” *Id.* (citing Mar. March 17, 2021 Hr’g Tr. at 46:16-19).
- Despite the limited litigation involving the estate, nearly 30 professional firms submitted fee applications billing the estate, with a monthly average of almost 250 individuals billing time on the case. *Id.* at 4.
- In February 2021, one of BSA’s three bankruptcy firms had fourteen lawyers billing at rates over \$1,000 per hour. *Id.* at 6.

Although the Committee shares in the Debtor’s desire to limit administrative fees, it is the Debtor that seeks to prosecute a Fourth Amended Plan over the Committee’s objection: a result never achieved in any of the prior diocesan bankruptcy cases to date. The Committee has concluded, in good faith, after months of investigation and mediation, that the Debtor’s Term Sheet summarizing the material terms of the Fourth Amended Plan is neither fair nor equitable. *See* Section III, *infra*. The Committee is entitled, and duty bound, to protect Survivors under these circumstances and doing so requires a significant investment of time by its professionals. The Debtor should not be permitted to impede the Committee and its professionals’ efforts to fulfill their fiduciary duties, especially when the factual assertions supporting the Motion to Amend ring hollow. If the Debtor is administratively insolvent, this Chapter 11 Case must be dismissed. *See* 11 U.S.C. § 1112(b)(4)(A) (“cause” to dismiss a chapter 11 case includes “substantial or continuing loss to or diminution of the estate and the absence of a reasonable likelihood of rehabilitation.”); *In re BH S&B Holdings, LLC*, 439 B.R. 342, 349 (Bankr. S.D.N.Y. 2010) (finding a case can be converted for administrative insolvency); *In re Bayou Self, Inc.*, 73 B.R. 682, 683 (Bankr. W.D. La. 1987) (finding courts retains the authority to dismiss or covert a case *sua sponte*).

### III.

#### **THE MATERIAL TERMS OF THE DEBTOR’S TERM SHEET ARE NEITHER FAIR NOR EQUITABLE**

The context in which the Debtor seeks unparalleled relief is important. The Debtor’s Term Sheet is wholly unacceptable to the Committee. The Committee will thus urge Survivors to vote to reject the Fourth Amended Plan. If past is prologue, Survivors are likely to

1 overwhelmingly reject the Plan. The Debtor will be left to cramdown the Fourth Amended Plan  
2 on Survivors. But the Fourth Amended Plan is neither fair nor equitable.

3 There are two material inaccuracies being repeated by the Debtor in its recent pleadings  
4 and at oral argument in support of the Fourth Amended Plan. **First**, the proposed funding of the  
5 Survivors' Trust "would be the highest average recovery in the history of comparable diocesan  
6 cases in the United States." Motion to Amend, 10:10–11.<sup>11</sup> **Second**, the Debtor purportedly  
7 needs five years to fund the Survivors' Trust in full. See Jan. 20, 2026 Hr'g Tr. [Dkt. No. 2576],  
8 13:17–22 ("[T]he timing of settlement payments has been a gating issue since December. The  
9 \$200 million dollars that the debtor agreed to pay at that time, as it's accepted other  
10 recommendations, it was always premised on we're going to need another year. It's going to  
11 take five years. It always has been."). The Jan. 20, 2026 Hr'g Tr. is attached to the Weisenberg  
12 Dec. as Exhibit 2.

13 **A. The Debtor Misleadingly Asserts this Chapter 11 Case Will Provide**  
14 **Survivors With the Highest Average Recovery in the History of Comparable**  
15 **Diocesan Cases**

16 The Committee has previously argued that comparing the Debtor's proposed distribution  
17 to Survivors to other diocesan bankruptcy cases to justify its fairness is wrong as a matter of law  
18 and highly misleading. See, e.g., *Off. Comm. of Unsecured Creditors v. Hancock Park Cap. II,*  
19 *L.P. (In re Fitness Holdings Int'l, Inc.)*, 714 F.3d 1141, 1146 (9th Cir. 2013) (citing *Travelers*  
20 *Cas. & Sur. Co. of Am. v. Pac. Gas & Elec. Co.*, 549 U.S. 443, 450 (2007)) ("Supreme Court  
21 precedent establishes that, unless Congress has spoken, the nature and scope of a right to payment  
22 is determined by state law."); *The Official Committee of Unsecured Creditors' Objection to the*  
23 *Debtor's Disclosure Statement* [Dkt. No. 1518] at 21:6-17 (citing to Judge Glenn's concern in  
24 *In re The Roman Catholic Diocese of Rockville Centre* bankruptcy case that similar comparisons  
25 were misleading).

26  
27  
28 <sup>11</sup> The Debtor's inclusion of \$44 million in insurance proceeds from certain settling insurers does it no  
favors. The Committee values the Debtor's insurers' contractual liability at multiples of that amount and  
will establish this fact through fact and expert witness evidence, if needed.

1 Even if the amounts paid to survivors in other cases had relevancy—they do not—the  
2 Debtor:

- 3 • Repeatedly fails to include settlements that took place outside of the bankruptcy  
4 context in its analysis. These datapoints are a better indication of the value of  
5 Survivor claims. Indeed, settlements outside the bankruptcy context are typically  
6 negotiated at arm’s length and are not limited by the Debtor’s ability to pay or  
7 restrained by the amount of insurance available or level of cooperation from  
8 insurers.
- 9 • Fails to disclose critical information necessary for any meaningful comparison,  
10 including the applicable state law, whether the statute of limitations governing  
11 claims in the bankruptcy case was open or closed, the value of Survivor claims,  
12 the value of the debtor’s assets and the availability of insurance.
- 13 • Ignores precedents that do not support its narrative, including two California  
14 diocesan bankruptcy settlements: Diocese of San Diego and Diocese of Stockton.
  - 15 (i) If the Committee accepted the Debtor’s “comparable case”  
16 methodology, but used the San Diego settlement as a comparable case,  
17 the 376 survivor claimants holding facially valid claims in this Chapter  
18 11 Case would be entitled to be paid **\$772.8 million** in the aggregate.
  - 19 (ii) If the Committee accepted the Debtor’s “comparable case”  
20 methodology, but used the Stockton settlement as a comparable case,  
21 the 376 Abuse Claimants holding facially valid claims in this Chapter  
22 11 Case would need to be paid **\$1.58 billion** in the aggregate. *See The  
23 Official Committee of Unsecured Creditors Objection to the Debtor’s  
24 Amended Disclosure Statement [Dkt. No. 1624] at 18:13-19.*

25 In addition, the Debtor continues to assert that there are only 324 valid claims filed in  
26 this Chapter 11 Case. The Committee disputes this count and contends that there are at least 376  
27 valid claims filed. The Debtor also incorrectly asserts that its proposed contribution to the  
28 Survivors’ Trust is \$200 million. This assertion is inaccurate for several reasons:

- 29 (i) Even assuming a \$200 million contribution to the Survivors’ Trust, the  
30 Debtor proposes to pay this amount over five years without interest with  
31 54% of the proposed payment to be made in years four and five post-  
32 confirmation. Using a discount rate of 6.5%, the present value of *the  
33 Debtor’s proposed settlement is \$169 million*;
- 34 (ii) \$5 million of the \$200 million is earmarked for abuse claimants filing a  
35 claim after the effective date of a plan of reorganization; and

1 (iii) The Debtor continues to assume the Roman Catholic Welfare Corporation  
2 (“**RCWC**”) will fund the Survivors’ Trust despite the fact that in a  
3 cramdown, it will not receive releases. In the prior round of voting on the  
4 Third Amended Plan, two Survivors out of 343 agreed to grant RCWC a  
5 release. If Survivors do not vote to grant RCWC a release under the  
6 Fourth Amended Plan, RCWC will not contribute its \$50 million, leaving  
\$145 million total available to Survivors having filed claims in the  
Chapter 11 Case. *Assuming 376 Survivors, the average settlement  
available to each Survivor is \$385,638, a far cry from the advertised  
average settlement of \$579,000 articulated by the Debtor.*<sup>12</sup>

7 **B. The Debtor Can Pay the Proposed \$200 Million to the Survivors’ Trust in**  
8 **Far Less than Five Years**

9 The Debtor can expedite payments to the Survivors’ Trust, it just does not want to.  
10 Historical evidence proves it. In 2007, when the Debtor needed financing to finish construction  
11 the Cathedral of Christ the Light, the Debtor borrowed nearly \$200 million from a commercial  
12 lender and then refinanced that obligation with public bond debt by pledging its assets and the  
13 assets of its affiliates as collateral. Now the Debtor pretends its only lending source is an affiliate,  
14 RCC, which historically provided unsecured loans to the Debtor. But now RCC is demanding  
15 collateral and is charging interest at 6.5%.

16 In addition, the Committee’s real estate valuation expert, Randi Rosen of Stout Real  
17 Estate, valued just 30 of over 250 properties owned by the Debtor at over roughly *\$523 million*,  
18 and projected a sale timeline of 7 to 14 days to 12 to 18 months. Even if the Debtor needed more  
19 time, the Debtor could, and should, have embarked on this process two and a half years ago. But  
20 only recently has the Debtor informed this Court that it needed to, and would, sell certain real  
21 estate. It has not meaningfully done so. *See Debtor’s Motion to Continue Confirmation Hearing*  
22 *and to Reset Confirmation Schedule* [Dkt. No. 2147] at 3:21–24 (Debtor represented to this Court  
23 that upon approval of the motion, it “would use th[e] additional time to sell real estate to fund  
24 the increased administrative expenses of the Chapter 11 Case and to continue to try to reach a  
25 settlement with the Committee (and a monetary settlement with one or more Insurers”).

26  
27  
28 <sup>12</sup> Making matters worse for the Debtor, in 2002, the Debtor paid at least \$57.5 million to 54 plaintiffs in  
settlement of claims brought after the 2003 revival window, an average settlement per survivor of \$1.64  
million on an inflation-adjusted basis.

1           **WHEREAS**, for all these reasons, the Committee requests that the Court deny the  
2 Motion to Amend and grant such other and further relief as the Court deems just and proper.

3 Dated: January 28, 2026

**LOWENSTEIN SANDLER LLP**  
**KELLER BENVENUTTI KIM LLP**  
**BURNS BAIR LLP**

4  
5 By: /s/ Gabrielle L. Albert  
6 Gabrielle L. Albert  
7 Tobias S. Keller  
8 Jane Kim

-and-

9 Jeffrey D. Prol  
10 Brent Weisenberg

-and-

11  
12 Timothy W. Burns  
13 Jesse J. Bair

14 *Counsel for the Official Committee of*  
15 *Unsecured Creditors*  
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