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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 OPPOSITION TO MOTION
FOR RELIEF FROM THE AUTOMATIC
STAY TO PROCEED WITH STATE COURT
LITIGATION AND/OR ABSTENTION
UNDER 28 U.S.C. 1334(C)(1)**

Judge: Hon. William J. Lafferty

Date: February 17, 2026

Time: 1:30 p.m. (Pacific Time)

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 its objection (this “Objection”) to the *Motion for Relief from the Automatic Stay*
4 *to Proceed with State Court Litigation and/or Abstention Under 28 U.S.C. 1334(c)(1)* [Docket No. 2577]
5 (the “Motion”), filed by Creditor Emma Macias (“Macias”).¹

6 In support of this Objection, the Debtor submits the concurrently filed declaration of Attila Bardos,
7 the Debtor’s Chief Financial Officer (the “Bardos Decl.”), and respectfully represents as follows:

8 **I.**

9 **INTRODUCTION**

10 Ms. Macias seeks to lift the automatic stay to prosecute her prepetition slip-and-fall claim in
11 California state court. The Motion also requests this Court to abstain from hearing Ms. Macias’s claim.

12 The Debtor objects to lifting the automatic stay at this point, because it will negatively affect the
13 administration of this case and cost the Debtor to incur over \$175,000 of payments before its insurer will
14 be required to pay anything on account of Ms. Macias’s claim . As the Debtor has informed the Court and
15 the creditors, its cash flow is significantly depleted and it cannot continue to incur costs that are not
16 absolutely necessary. Ms. Macias will have the opportunity to litigate her claim at the appropriate time, in
17 the same manner as other similarly-situated claimants.

18 Ms. Macias’s request for the Court to abstain from hearing her claim is premature. The Debtor has
19 not sought to remove her case from state court nor disputed her claim before this Court. The Court
20 therefore need not address abstention at this time.

21 **II.**

22 **BACKGROUND**

23 **A. General Background**

24 On May 8, 2023 (the “Petition Date”), the Debtor filed a voluntary petition for chapter 11
25 bankruptcy relief under the Bankruptcy Code. The Debtor continues to operate its ministries and manage
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27

28 ¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

1 its properties as a debtor in possession under sections 1107(a) and 1108 of the Bankruptcy Code. No
2 trustee or examiner has been appointed in this Chapter 11 Case.

3 On May 23, 2023, the Office of the United States Trustee for Region 17 (the “U.S. Trustee”)
4 appointed the Committee.

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

15 **B. The State Court Case**

16 Ms. Macias filed an action in the Alameda County Superior Court on January 19, 2021 (the “State
17 Court Case”) relating to an injury she states occurred at Corpus Christi Church. Discovery took place and
18 the matter was set for trial on July 31, 2023, but was stayed by the filing of this Chapter 11 Case. Ms.
19 Macias filed a claim in this Chapter 11 Case in the amount of \$1,000,000.00. (Claim No. 16-1.)

20 **C. Insurance Coverage for the State Court Case**

21 The Debtor has insurance coverage for the State Court Case through The National Catholic Risk
22 Retention Group (the “Insurer”). However, in order to access this coverage, the Debtor must first satisfy
23 the Self-Insured Retention (“SIR”) of \$250,000.00. Before filing of this Chapter 11 Case, the Debtor paid
24 \$76,981 in defense costs which apply toward the SIR, leaving approximately \$173,019 on the Debtor’s
25 SIR obligation. This amount must be paid in full by the Debtor before the Insurer will pay anything for
26 either defense costs, a judgment against the Debtor, or a settlement of the State Court Case.

1 own remedies against the debtor's property. Those who acted first would obtain payment of the claims in
2 preference to and to the detriment of other creditors.” *Id.* “The policy underlying the automatic stay is to
3 protect the debtor’s estate from the chaos and wasteful depletion resulting from multifold, uncoordinated
4 and possibly conflicting litigation.” *In re Curtis*, 40 B.R. 795, 799 (Bankr. D. Utah 1984) (citation and
5 quotation marks omitted).

6 “The decision to grant or deny relief from the automatic stay is committed to the sound discretion
7 of the bankruptcy court.” *In re Conejo Enters., Inc.*, 96 F.3d at 351. Ms. Macias seeks stay relief “for
8 cause” pursuant to section 362(d)(1) of the Bankruptcy Code. “‘Cause’ has no clear definition and is
9 determined on a case-by-case basis.” *In re Conejo Enters., Inc.*, 96 F.3d at 352 (quoting *Christensen v.*
10 *Tucson Estates, Inc. (In re Tucson Estates, Inc.)*, 912 F.2d 1162, 1166 (9th Cir. 1990)). In deciding whether
11 to grant relief from or modify the automatic stay, the Bankruptcy Court may consider whether it would
12 impair judicial economy, efficient administration of the estate, or preservation of a level playing field for
13 negotiating a consensual reorganization plan. *Id.*, at 352 (identifying each of these as reasonable grounds
14 to deny stay relief). The mere existence of pending litigation in another forum does not constitute “cause.”
15 *In re Curtis*, 40 B.R. at 803.

16 Among the various, nonexclusive factors bankruptcy courts may consider, bankruptcy courts in
17 the Ninth Circuit commonly consider, as applicable, the so-called “*Curtis* factors.” The factors most
18 applicable here include:²

- 19 2. The lack of any connection with or interference with the bankruptcy case;
- 20 5. Whether the debtor's insurance carrier has assumed full financial responsibility for
21 defending the litigation;
- 22 7. Whether the litigation in another forum would prejudice the interests of other creditors, the
23 creditors' committee and other interested parties;
- 24 11. Whether the foreign proceedings have progressed to the point where the parties are
25 prepared for trial, and
- 26 12. The impact of the stay on the parties and the “balance of hurt[.]”

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28 ² Not all of the *Curtis* factors are applicable here. The numbering of the remaining factors has remained consistent
with *Curtis* for ease of reference.

1 *Truebro, Inc. v. Plumberex Specialty Products, Inc. (In re Plumberex Specialty Prod., Inc.)*, 311 B.R. 551,
2 559 (Bankr. C.D. Cal. 2004) (quoting *In re Curtis*, 40 B.R. at 799–800)).

3 Among the *Curtis* factors, “the balancing of potential harm to the creditor on the one hand and to
4 the debtor and the bankruptcy estate on the other hand frequently is dispositive.” *In re Orchid Child*
5 *Prods., LLC*, 2023 WL 5770321, at *3 (B.A.P. 9th Cir. Sept. 7, 2023) (citation and internal quotation
6 marks omitted); *see also, e.g., In re Brotman Med. Ctr., Inc.*, 2008 WL 8444797, at *6 (B.A.P. 9th Cir.
7 Aug. 15, 2008) (“[T]he bankruptcy court must balance the potential hardship that will be incurred by the
8 party seeking relief if the stay is not lifted against the potential prejudice to the debtor and the bankruptcy
9 estate.” (citation and internal quotation marks omitted)).

10 Even if Ms. Macias can demonstrate the presence of some *Curtis* factors in her favor, it is clear,
11 upon consideration of the harm to the Debtor and the relevant *Curtis* factors, the balance of harms favors
12 maintaining the automatic stay. The relevant *Curtis* factors are factors 2, 5, 7, and 12, all of which militate
13 against stay relief.

14 **Curtis Factor 2—Lifting the Stay Will Interfere with Bankruptcy.**

15 “The most important factor in determining whether to grant relief from the automatic stay to permit
16 litigation against the debtor in another forum is the effect of such litigation on the administration of the
17 estate. Even slight interference with the administration may be enough to preclude relief in the absence of
18 a commensurate benefit.” *In re Landmark Fence Co., Inc.*, 2011 WL 6826253, at *4 (C.D. Cal. Dec. 9,
19 2011) (quoting *In re Curtis*, 40 B.R. at 806). Modifying the stay to permit litigation of the State Court
20 Case would have a significant detrimental effect on the administration of the Chapter 11 Case.

21 Litigation of Ms. Macias’s claim will be a distraction to and drain on the time and resources of the
22 Debtor’s principals and professionals at a moment the Debtor can least afford it: when it is trying to
23 propose and confirm a Fourth Amended Plan of Reorganization. *See In re Fairchild Corp.*, 2009 Bankr.
24 LEXIS 3815, at *24 (Bankr. D. Del. Dec. 1, 2009) (“At this time it would be distracting for the Debtors’
25 management and professionals to be entangled in the California action.”). It will also require the Debtor
26 to spend nearly \$173,000 to pay its remaining obligations under the SIR before the Insurer will contribute
27 to the Debtor’s costs. This unbudgeted expense will further harm the Debtor’s cash flow, which is already
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1 predicted to be zero at the end of next month. Having to pay these amounts at this juncture of the Chapter
2 11 Case will worsen the Debtor's already dire financial position and therefore hurt all creditors.

3 In addition to the unnecessary expense, if the stay is lifted for Ms. Macias, other creditors will
4 likely ask for the same relief. This will trigger the risk of an uncontrolled scramble for the Debtor's assets.
5 Many of these creditors will seek to pursue claims against the Debtor's insurers. However, the Debtor's
6 liability policies are property of its Estate. *In re Minoco Grp. of Companies, Ltd.*, 799 F.2d 517, 519 (9th
7 Cir. 1986) (“[L]iability policies meet the fundamental test of whether they are ‘property of the estate’
8 because the debtor's estate is worth more with them than without them.”). Certain of the Debtor's liability
9 policies may have aggregate policy limits that could be insufficient to satisfy all claims against said
10 policies. Where there may be multiple claimants to the proceeds of a given policy, and the proceeds may
11 be insufficient to satisfy all claimants, a bankruptcy court should be able to oversee the allocation of the
12 insufficient policy proceeds among the claimants. 3 Collier on Bankr. ¶ 362.07 (16th 2024); *see also, e.g.*,
13 *A.H. Robins Co., Inc. v. Piccinin*, 788 F.2d 994 (4th Cir. 1986), *cert. denied*, 479 U.S. 876 (1986).

14 Because lifting the stay would detrimentally interfere with the administration of the Debtor's
15 Estate and reorganization efforts, *Curtis* Factor 2 favors the Debtor.

16 **Curtis Factor 5—The Insurer Will Not Pay any Defense or Other Costs at all Until**
17 **the SIR is Paid in Full.**

18 The Motion notes the existence of the SIR, but does not take into account its effect on the Debtor
19 and the estate. Motion, p. 3. At this point, nearly \$173,000 remains to be paid under the SIR before the
20 Insurer will pay anything toward defense costs or a resolution of the State Court Case. Because such a
21 large portion of the SIR remains the Debtor's responsibility, and the Debtor is not able to pay these
22 amounts at this time, *Curtis* Factor 5 favors the Debtor.

23 **Curtis Factor 7—Litigation in state court would prejudice the interests of other**
24 **creditors and interested parties.**

25 Ms. Macias claims without evidence or elaboration that lifting the automatic stay will not prejudice
26 other creditors or the Debtor's estate. Motion, p. 7. However, as discussed above, both the requirement
27 for the Debtor to expend \$175,000 to fulfill the SIR at a time when it is significantly cash-strapped and
28 the likelihood that if the stay is lifted here other creditors will also seek the same relief will impact all

1 creditors and make resolution of the Chapter 11 Case more difficult. Consequently, for largely the same
2 reasons stated above with respect to *Curtis* Factor 2, *Curtis* Factor 7 also favors the Debtor.

3 **Curtis Factor 11—Whether the state court action is ready for trial.**

4 It is undisputed that the state court action is not ready for trial, or close to ready for trial, and that
5 no trial date has even been set. *Curtis* Factor 11 therefore favors the Debtor.

6 **Curtis Factor 12—The “balance of harms” strongly favors maintaining the**
7 **automatic stay.**

8 The harm to the Debtor and the administration of its estate far outweighs any potential benefit for
9 Ms. Macias if the automatic stay were to be lifted. If it is lifted, Ms. Macias will be able to liquidate her
10 claim at great cost to the Debtor, but she will not be able to be paid anything until the Chapter 11 Case is
11 resolved, a fact the Motion acknowledges. Motion, p. 7. Therefore, the harm to the Debtor and the future
12 administration of the Estate is greater than the harm to Ms. Macias having to wait a bit longer to liquidate
13 a claim that wouldn’t be paid any faster if the stay were lifted. There is also the potential harm that may
14 result from a number of creditors moving to lift the stay in their own cases. Therefore, *Curtis* Factor 12
15 also favors the Debtor.

16 **C. Any Determination on Abstention is Premature at this Time**

17 The Motion also seeks a ruling that the Court will abstain from adjudicating Ms. Macias’s claim.
18 Motion, pp. 9-10. However, the Debtor has not sought to remove the State Court Case or taken any other
19 action that would implicate the need for the Court to rule on the abstention issue. In fact, the Debtor does
20 not intend to seek removal. Once a plan of reorganization is confirmed or the Chapter 11 Case is dismissed,
21 the Debtor will litigate the matter in state court. Therefore, there is no need for the Court to determine
22 whether abstention is appropriate right now.

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IV.

CONCLUSION

WHEREFORE, for the reasons stated herein, the Debtor requests the Court enter an order denying the Motion in its entirety and granting related relief.

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DATED: February 13, 2026

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/s/ Shane J. Moses

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