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*Counsel for the Debtor  
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In re:

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

Debtor.

Case No. 23-40523 WJL

Chapter 11

**DEBTOR'S MOTION FOR ENTRY OF AN  
ORDER AUTHORIZING (A) THE RELEASE  
OF THE DEBTOR'S INTERESTS IN  
CATHOLIC CHURCH SUPPORT  
SERVICES, INC. PURSUANT TO 11 U.S.C.  
§§ 105 AND 363, AND (B) APPROVING  
PLEDGE AGREEMENTS**

Judge: Hon. William J. Lafferty

Date: September 9, 2025

Time: 10:00 a.m.

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

1 The Roman Catholic Bishop of Oakland, a California corporation sole and the debtor and debtor  
2 in possession (the “Debtor” or “RCBO”) in the above-captioned chapter 11 bankruptcy case (the “Chapter  
3 11 Case” or the “Bankruptcy Case”), hereby files this motion (the “Motion”) pursuant to sections 105(a)  
4 and 363 of title 11 of the United States Code (the “Bankruptcy Code”) for entry of an order substantially  
5 in the form attached hereto as **Exhibit A** (the “Proposed Order”) authorizing the release of the Debtor’s  
6 position and interest in Catholic Church Support Services, Inc. (“CCSS”) in exchange for pledges of  
7 financial support by CCSS and Roman Catholic Cemeteries of the Diocese of Oakland, Inc. (“RCC”), as  
8 further described below. This Motion also seeks approval of the pledge agreements the Debtor wishes to  
9 enter into with each of CCSS and RCC as consideration for the Debtor’s divestment of its position and  
10 interest in CCSS.

11 This Motion is based on the Memorandum of Points and Authorities set forth herein, the notice of  
12 hearing on the Motion, the Declaration of Attila Bardos in Support of the Motion (the “Bardos  
13 Declaration”) filed concurrently herewith, and such other evidence, oral or documentary, as may be  
14 presented to this Court at or prior to the hearing on this Motion.

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**I.**

**JURISDICTION AND VENUE**

This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b), the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order No. 24 (N.D. Cal.), and Local Rule of Bankruptcy Procedure for the Northern District of California 5011-1(a). Venue for this matter is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

The legal bases for the relief requested herein are Bankruptcy Code §§ 105(a) and 363 and Bankruptcy Rules 2002, 6004, 6006, and 9014.

**II.**

**BACKGROUND FACTS**

**A. General Background**

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

On May 23, 2023, the U.S. Trustee appointed the Committee.

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

On April 4, 2025, the Court entered its *Order (I) Approving Third Amended Disclosure Statement; (II) Establishing Procedures for Plan Solicitation, Notice, and Balloting* [Docket No. 1877], which

1 permitted the Debtor to send the *Debtor's Third Amended Plan of Reorganization* ("Plan") to creditors  
2 and set the hearing on confirmation of the Plan to begin August 25, 2025.

3 On July 18, 2025, the Court orally granted the Debtor's motion to continue the confirmation  
4 hearing to a date to be determined, in part so the Debtor could sell assets to further fund administrative  
5 fees and expenses. The Debtor still intends to present the Plan for confirmation later this year or early  
6 next year.

7 The Debtor has explored all options to increase its liquidity and ways to maximize value for the  
8 benefit of creditors. As further described below, by this Motion, the Debtor seeks authority to release its  
9 board seats and interest in CCSS in exchange for entry into separate pledge agreements with CCSS and  
10 RCC, which agreement will provide much needed liquidity to pay for this Chapter 11 Case and shore up  
11 future payments to creditors under its Plan.

12 **B. The Debtor's Relationship with RCC and CCSS**

13 RCC. As described in the First Day Declaration, RCC operates and administers all cemetery,  
14 mausoleum and mortuary services in the Diocese of Oakland. RCC operates and administers six diocesan  
15 cemeteries, five diocesan mortuaries, two mausoleums and one crematory. RCC owns no real property.  
16 All real property necessary to carry out RCC's activities (burial, entombment, and related services) are  
17 leased from RCBO pursuant to ground leases or other appropriate lease forms. RCC is obligated to  
18 provide for Catholic burial of the deceased, and to provide "perpetual care" to the final resting places of  
19 the Catholic faithful. This obligation is central to the operating structure of the RCC cemeteries and is  
20 part of the contractual arrangements for every interment.

21 Funds from every interment are set aside for a permanent maintenance fund to be held, invested,  
22 and used to provide perpetual care.

23 RCC is a separate legal entity from the Debtor. It has at all times segregated its funds from those  
24 of the Debtor and has at all times maintained separate bank accounts. RCC holds and invests its funds. It  
25 has its own board of directors and audited financial statements.

1        CCSS. Catholic Church Support Services, established January 1, 2014, is a California nonprofit  
2 religious corporation previously headquartered in Pleasanton, California, which operates under the trade  
3 name of Catholic Management Services.

4        CCSS provides funeral and cemetery management services in dioceses across the country,  
5 including in the East Bay. CCSS provides general managerial administration of the day-to-day operations  
6 of cemeteries, including marketing and branding support, business development, and process and systems  
7 reviews under management services agreements.

8        CCSS has its own board of directors (the “CCSS Board”) and audited financial statements and has  
9 at all times maintained its own bank accounts.

10       The Debtor has no equity interest in CCSS. CCSS periodically makes donations to the Debtor as  
11 part of its mission to support the Catholic Church.

12       While a separate organization and not a subsidiary of the Debtor, CCSS’s current bylaws (the  
13 “Bylaws”) provide, among other things, that the Debtor maintains a seat on the CCSS Board and has  
14 certain oversight over CCSS and the makeup of the CCSS Board. The Debtor’s oversight includes (but  
15 is not limited to) the following:

- 16           • The corporate and business activities of CCSS are subject to the religious, moral, and  
17               ethical principles of the Catholic Church as determined by the Debtor;
- 18           • The Debtor must approve any loan to CCSS;
- 19           • The majority of directors on the CCSS Board are selected by the Debtor, and the balance  
20               of directors are nominated by the Chief Executive Officer of CCSS subject to the Debtor’s  
21               approval;
- 22           • The Debtor has the power to remove directors;
- 23           • The Advisory Investment Committee (which is mandatory under the Bylaws) must include  
24               the Chief Financial Officer of the Debtor as an *ex officio* voting member;
- 25           • The Bylaws and Articles of Incorporation of CCSS can only be amended with the approval  
26               of the CCSS Board and the Debtor; and

- No merger, reorganization, liquidation, dissolution, material sale or disposition of assets can occur without approval of the CCSS Board and the Debtor.

**C. Proposed Release and Pledge Agreements**

CCSS would like to expand its opportunities, including providing cemetery support services to additional dioceses beyond those in which it already has a market presence. To that end, RCC and CCSS have entered into a new Statement of Work to the existing Management Services Agreement, effective as of July 1, 2025 (“Statement of Work No. 2”), pursuant to which CCSS will provide strategic planning advice, operational management services, and sales and marketing services to RCC’s cemeteries. It is CCSS’s intent to seek to enter into similar arrangement with other cemetery organizations in other parts of the country.

In order to allow CCSS the freedom and flexibility to expand its works and scope of services, CCSS has asked the Debtor to give up its rights with respect to CCSS and the CCSS Board, including amending the current CCSS Bylaws to remove the provisions listed above.

In exchange, CCSS will execute a Pledge Agreement from CCSS in favor of RCBO (“CCSS Pledge”) for \$5 million, including (i) an initial payment of \$3.2 million in cash upon execution and approval of the CCSS Pledge Agreement, plus (ii) \$1.8 million paid over a period of eighteen (18) months, in equal monthly installments of one hundred thousand dollars (\$100,000.00), beginning in September 2025 and concluding in February 2027. A copy of the CCSS Pledge Agreement is attached to the Bardos Declaration as **Exhibit A** thereto.

In addition, as further incentive for the Debtor to relinquish its position with CCSS and to allow entry into Statement of Work No. 2, RCC has pledged to make an annual donation to RCBO in the amount of seven hundred fifty thousand dollars (\$750,000.00) for a period of five (5) years, beginning September, 2025 (the “RCC Pledge Agreement” and together with the CCSS Pledge Agreement, collectively, the “Pledge Agreements”). A copy of the RCC Pledge Agreement is attached to the Bardos Declaration as **Exhibit B** thereto.

Both the CCSS Pledge Agreement and the RCC Pledge Agreement make clear that CCSS and RCC, respectively, agree that RCBO shall be free to use the pledged monies in its discretion, for

unrestricted general support or such other purposes as it may determine. CCSS and RCC have stated that they would not otherwise pledge these funds to RCBO, but for RCBO's agreement to release its position with CCSS.

These pledged funds will provide the Debtor with badly needed liquidity to pay administrative expenses through confirmation of its Plan. Any amounts remaining from the pledged funds as of the effective date of the Plan will be used over time to fund the Debtor's operations and, potentially, distributions to creditors under the Plan.

**D. The Debtor's Need for Liquidity Heading into Plan Confirmation**

As the Court is aware, RCBO has incurred considerable administrative expenses in this case, and those expenses have increased substantially in recent months. The Debtor and Committee are engaged in discovery leading to a contested confirmation hearing, as well as litigating the Committee's lone remaining adversary proceeding. As set forth in the Debtor's Motion to Amend Interim Compensation Procedures [Docket No. 1908], the Debtor's Reply in support of the same [Docket No. 2013], and the Debtor's motion to continue the confirmation hearing [Docket No. 2147], professional fees have increased well beyond the Debtor's original forecast in this case due to the length and current posture of the case.

The Pledge Agreements and the monies pledged thereunder will provide much needed liquidity to support the continued administrative spend. The Debtor has made a business decision in good faith and with reasonable care that the requested relief herein – to release the Debtor's board positions and interests in CCSS in exchange for the Pledge Agreements – is in the best interests of the Debtor and its estate.

**III.**

**RELIEF REQUESTED**

By this Motion, and pursuant to section 363(b)(1) of the Bankruptcy Code, the Debtor, after notice and a hearing, seeks to “use, sell, or lease, other than in the ordinary course of business, property of the estate . . .” 11 U.S.C. § 363(b)(1). The property of the estate the Debtor wishes to divest is its interests in and position with CCSS.



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IV.

BASIS FOR RELIEF

A. **The Transaction Reflects the Debtors' Sound Business Judgment and Satisfies the Requirements under Section 363(b).**

Section 363(b) of the Bankruptcy Code provides that a debtor, “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” Although section 363(b) does not specify a standard for determining when it is appropriate for a court to authorize the use, sale, or lease of property of the estate, courts have required that such use, sale, or lease be based upon the sound business judgment of the debtor. *See Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070–71 (2d Cir. 1983); *In re Catalina Sea Ranch, LLC*, No. 2:19-BK-24467-NB, 2020 WL 1900308, at \*6 (Bankr. C.D. Cal. Apr. 13, 2020) (citing *In re Lionel Corp* in finding sufficient business justification for the sale of most of the debtor’s assets); *see also In re Walter*, 83 B.R. 14, 19–20 (B.A.P. 9th Cir. 1988) (citing *In re Lionel Corp*, 722 F.2d at 1071) (implicitly adopting the “sound business justification” test in finding that the debtor “did not show that it would be an exercise of good business judgment” to withdraw estate funds for personal use).

When evaluating a debtor’s decision to divest one of its assets, the court should “presume that the debtor-in-possession acted prudently, on an informed basis, in good faith, and in the honest belief that the action taken was in the best interests of the bankruptcy estate.” *Agarawal v. Pomona Valley Med. Group, Inc. (In re Pomona Valley Med. Group, Inc.)*, 476 F.3d 665, 670 (9th Cir. 2007) (collecting cases). Courts have applied the business judgment rule to approve debtors’ decisions in numerous aspects of bankruptcy cases, including sales. *See e.g.*, Order Authorizing the Sale of Debtors’ Assets to Purchaser Free and Clear of Liens, Claims, Interests, and other Interests et al., *In re Beverly Community Hospital Ass’n*, No. 2:23-bk-12359-SK (Bank. C.D. Cal. Aug. 2023) (applying business judgment rule in granting debtor’s motion for an order approving sale of assets).

The demonstration of a valid business justification by a debtor leads to a strong presumption “that in making [the] business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.” *See In re AWTR Liquidation Inc.*, 548 B.R. 300, 313 (Bankr. C.D. Cal. 2016) (citing *Gantler v. Stephens*, 965 A.2d 695,

705–06 (Del. 2009). *See also In re Pomona Valley Med. Grp., Inc.*, 476 F.3d 665, 670 (9th Cir. 2007) (applying the business judgment rule in the context of a debtor’s decision to reject an executory contract).

The analysis of whether there is a sound business justification for the sale does not change if the proposed sale is private, rather than public. *See, e.g., In re Ancor Expl. Co.*, 30 B.R. 802, 808 (N.D. Okla. 1983) (“[T]he bankruptcy court should have wide latitude in approving even a private sale of all or substantially all of the estate assets not in the ordinary course of business under § 363(b).”). The trustee has ample discretion to administer the estate, including authority to conduct public or private sales of estate property. *See In re Canyon P’ship*, 55 B.R. 520, 524 (Bankr. S.D. Cal. 1985).

For example, the bankruptcy court in *In re MF Global, Inc.*, 535 B.R. 596 (Bankr. S.D.N.Y. 2015) approved a private sale of assets under the business judgment standard where only a single purchaser expressed interest in purchasing the assets and it was familiar with the rights which it would be assigned. *Id.* at 606–08. The trustee also demonstrated, among other things, that the interested parties received adequate and reasonable notice and both parties to the sale proceeded in good faith. *Id.* at 606. Consequently, the court found that the trustee and debtor had presented “uncontroverted evidence” that the private sale “reflects the appropriate exercise of their sound business judgment” where the agreement was negotiated extensively, no party objected to the proposed sale, and there was no dispute about the adequacy of the consideration. *Id.* at 608.

Here, the facts support a finding that the release of the Debtor’s board seats and interest in CCSS in exchange for entry into the Pledge Agreements was developed in good faith, reflects the Debtor’s sound business judgment, and meets all of these requirements. One of the Debtor’s highest priorities in this Chapter 11 Case is to maximize the value of the estate for the benefit of their creditors and other stakeholders. To that end, releasing the Debtor’s interests in and position with CCSS, which has limited (if any) value to third-parties other than the Debtor, in exchange for entry into the Pledge Agreements, will help bolster liquidity, ensure the Debtor is able to see this case through to Plan confirmation, and will provide a cash stream post-effective date to help fund the Debtor’s operations and payments to creditors going forward. If the Motion is not granted, the Debtor may run out of cash prior to confirmation of its

Plan, will have failed to monetize this intangible asset, and may be forced to dismiss this Chapter 11 case. Either result would be to the detriment of the Debtor and all creditors.

Moreover, the divestment of its position in CCSS allows the Debtor to monetize that position in a way that is not otherwise possible. The Debtor has no contractual or other right to payment from CCSS at all, nor from RCC in connection with CCSS's operations. The Pledge Agreements reflect the value CCSS and RCC will achieve from the Debtor relinquishing its interests in CCSS and allowing it to increase its independence, and they provide ample monetary consideration to the Debtor in exchange for giving up its position in CCSS. Furthermore, allowing CCSS to expand its operations to other dioceses and thereby support the Catholic mission to care for and maintain sacred burial sites is a good thing. CCSS will continue, through Statement of Work #2, to perform services within the Diocese of Oakland, and its expansion will not in any way diminish the Debtor's ability to carry out the Catholic Church's mission in the East Bay. The business judgment standard is more than satisfied here.

**B. Approval of the Motion without an Auction is Appropriate Here.**

Section 363 of the Bankruptcy Code does not require that all sales be conducted pursuant to competitive bidding procedures and public auctions. Bankruptcy Rule 6004(f) specifically authorizes private sales: "All sales not in the ordinary course of business may be by private sale or by public auction." Fed. R. Bankr. P. 6004(f)(1).

There is ample business justification here to approve the release of the Debtor's interests in CCSS without conducting a formal auction process. The Debtor's rights in CCSS cannot practically be "sold." They have no inherent value to the holder of the rights. The Debtor is only realizing monetary value from its rights in CCSS here because those rights will disappear entirely if the Court grants this motion. If the Debtor were to transfer its rights in CCSS to another party, that party would assume a majority on the CCSS Board and have approval rights over loans and other major transactions. CCSS would not be receiving greater operational independence and, therefore, would not be improving its position. CCSS and RCC are paying for those rights to be eliminated.

To be sure, it is hard to comprehend how any sale of the Debtor's rights in CCSS could be made, or any auction conducted. The Debtor holds its position in CCSS by virtue of it being the corporate body of the Catholic Church's operations in the geographic area known as the Diocese of Oakland. It cannot

1 assign that role to anyone else. And even if it could, it is impossible to imagine a third party paying the  
2 Debtor anything approaching the amounts the Debtor will realize under the Pledge Agreements in  
3 exchange for the Debtor's position in CCSS.

4 The Debtor's estate and creditors will benefit from the approval of the Motion and the Pledge  
5 Agreements without the added delay, energy, and expenses associated with an auction process that is  
6 certain not to yield any bidders and is impractical in any case.

7 **C. The Court May Approve The Debtor's Divestment Of Its CCSS Position Under**  
8 **Section 105(a) Of The Bankruptcy Code.**

9 In addition, the relief requested by this Motion is appropriate and within the Court's equitable  
10 powers under section 105(a) of the Bankruptcy Code, which provides that "[t]he court may issue any  
11 order, process, or judgment that is necessary or appropriate to carry out the provisions of [title 11]." 11  
12 U.S.C. § 105(a).

13 There is no reason not to allow the Debtor to enter into the Pledge Agreements in return for giving  
14 up its position in CCSS. The Pledge Agreements provide ample monetary consideration to the Debtor in  
15 exchange for what the Debtor is giving up. The funds that will flow into the estate will be unrestricted  
16 and will be used to pay administrative claims and fund the Debtor's operations, thereby benefiting  
17 creditors and allowing the Debtor to continue to support its mission while it pursues Plan confirmation. It  
18 also ensures a revenue stream for the Debtor after the Debtor emerges from this Chapter 11 Case that  
19 would not otherwise exist if the Debtor maintained its CCSS position.

20 **D. Request for Modification of Stay Imposed by Rule 6004(h) and 6006(d)**

21 The Debtor requests that the stay imposed by Bankruptcy Rule 6004(h) and 6006(d) be modified  
22 such that any Sale Order entered by the Court shall be effective immediately upon entry.

23 ///

V.

**CONCLUSION**

WHEREFORE, the Debtor requests the Court grant the Motion, enter the Proposed Order and grant any other relief as is necessary and proper under the circumstances.

DATED: August 19, 2025

**FOLEY & LARDNER LLP**

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Shane J. Moses  
Ann Marie Uetz  
Matthew D. Lee  
Mark C. Moore

/s/ Shane J. Moses

Shane J. Moses

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# EXHIBIT A

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*Counsel for the Debtor  
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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

**[PROPOSED] ORDER AUTHORIZING (A)  
THE RELEASE OF THE DEBTOR'S  
INTERESTS IN CATHOLIC CHURCH  
SUPPORT SERVICES, INC. PURSUANT TO  
11 U.S.C. §§ 105 AND 363, AND (B)  
APPROVING PLEDGE AGREEMENTS**

Upon the Debtor's Motion for Entry of an Order Authorizing (A) the Release of the Debtor's Interests in Catholic Church Support Services, Inc. Pursuant to 11 U.S.C. §§ 105 and 363, and (B) Approving Pledge Agreements, dated August 19, 2025 [Docket No. \_\_\_\_] (the "Motion"), filed by The Roman Catholic Bishop of Oakland, a California corporation sole, and the debtor and debtor in possession (the "Debtor") in the above-captioned chapter 11 bankruptcy case (the "Chapter 11 Case"), seeking an order (a) authorizing the release of the Debtor's position and interest in Catholic Church Support Services, Inc. ("CCSS") in exchange for pledges of financial support by CCSS and Roman Catholic Cemeteries of the Diocese of Oakland, Inc. ("RCC"), as further described, and (b) authorizing the Debtor to enter into

[PROPOSED] ORDER AUTHORIZING DEBTOR TO RELEASE INTERESTS IN CCSS

pledge agreements with each of CCSS and RCC as consideration for the Debtor's divestment of its position and interest in CCSS; the Court having reviewed and considered the Motion, the declaration of Attila Bardos (the "Bardos Declaration") in support thereof, and all other documents filed in support of or opposition to the Motion; the Court finding it has jurisdiction over this matter, venue in this Court is proper, and notice of the Motion was reasonable and is sufficient under the circumstances; and the Court finding the relief requested in the Motion is in the best interests of the Debtor, its creditors, and other parties in interest; and after due deliberation and good cause appearing therefor,

**IT IS HEREBY ORDERED THAT:**

1. The Motion is granted as set forth herein.
2. The Debtor is authorized but not required to (a) release the Debtor's position and interest in CCSS, including its right to appoint members of the CCSS Board of Directors; and (b) enter into the Pledge Agreements in substantially the forms attached as Exhibit A and Exhibit B to the Bardos Declaration.
3. The Debtor is authorized to take any and all other actions necessary to effectuate the transactions described in the Motion and authorized herein.
4. Any stay of effectiveness of this Order, including pursuant to F.R.B.P. 6004(h) or 6006(d), is hereby waived and this Order shall be effective immediately upon entry.
5. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of or interpretation of this Order.

**\*\* END OF ORDER \*\***



**COURT SERVICE LIST**

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