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and Debtor in Possession*

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
OAKLAND DIVISION**

In re:  
  
THE ROMAN CATHOLIC BISHOP OF  
OAKLAND, a California corporation sole,  
  
Debtor.

Case No. 23-40523

Chapter 11

**DEBTOR'S STATUS STATEMENT IN  
ADVANCE OF FEBRUARY 4, 2026  
HEARING**

Judge: Hon. William J. Lafferty

**Hearing Date:**

Date: February 4, 2025

Time: 10:30 a.m.

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

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

3 The Roman Catholic Bishop of Oakland, a California corporation sole, and the debtor and debtor  
4 in possession (the “Debtor”) in the above-captioned chapter 11 bankruptcy case (the “Chapter 11 Case”),  
5 hereby files this status statement (this “Statement”) in advance of the hearing scheduled in this case for  
6 February 4, 2026. More information regarding the status of the Chapter 11 Case and previous  
7 developments are set forth in the Debtor’s earlier-filed status conference statements [Dkt. Nos. 192, 320,  
8 458, 520, 760, 843, 1373, 2291, 2292, 2333, 2425, 2444 and 2565], and the Debtor’s *Third Amended*  
9 *Disclosure Statement for Debtor’s Third Amended Plan of Reorganization* [Dkt. No. 1874].

10 **A. Settlement Update**

11 Counsel for the Debtor continues to speak with counsel for the Committee regarding a possible  
12 settlement. The Debtor delivered its response/counter-proposal to the Committee’s most recent settlement  
13 proposal on January 14, 2026. Although counsel for the Debtor and for the Committee have continued to  
14 speak regarding a possible settlement, the Committee has not provided any written response nor any  
15 counteroffer to the Debtor’s most recent proposal.

16 The Debtor has not observed any progress between the Committee and any Insurers concerning  
17 settlement, which the Debtor believes continues to negatively impact global settlement prospects.  
18 Nonetheless, the Debtor remains committed to its proposed non-binding term sheet for settlement reflected  
19 in its December 17 filing [Dkt. No. 2521] (the “Term Sheet”), which provides for a contribution by the  
20 Debtor and the Roman Catholic Welfare Corporation of Oakland (“RCWC”) of a combined \$200 million  
21 to fund payments to compensate survivors of sexual abuse. Based on 345 claims in this Chapter 11 Case,  
22 that equates to an average recovery, solely from the Debtor and RCWC and before any recovery from  
23 insurance, of approximately \$579,000 per claim. The Debtor’s current Term Sheet also includes agreed  
24 insurance contributions from settling Insurers in the amount of \$44,347,868 in the aggregate, bringing the  
25 total settlement amount to \$244,347,868 and the average per-claim recovery to at least \$700,000 plus an  
26 assignment of insurance rights against other Insurers which likely would result in more recoveries. This  
27 would be the highest average recovery in the history of comparable diocesan or religious order bankruptcy  
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STATUS CONFERENCE STATEMENT FOR FEBRUARY 20, 2026

1 cases in the United States. This proposal forms the framework for a confirmable chapter 11 Plan of  
2 Reorganization which provides significant recoveries to survivors, allows the Debtor to reorganize and  
3 continue its essential ministry, and resolves this bankruptcy case.

4 The Debtor's preferred outcome has always been – and remains – a settlement with key  
5 constituents that would allow for a consensual Plan process. But, the longer negotiations with both the  
6 Committee and Insurers drag on, the greater the cost to the Debtor's estate because ultimately – even if  
7 this Court suspends professional payments as requested in the Debtor's pending *Motion to Amend Order*  
8 *Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*  
9 [Dkt. No. 2560] (the "Motion to Amend") described below, those expenses will accrue and will need to  
10 be paid from the Debtor's resources which are already planned for use to fund settlement payments to  
11 survivor creditors.

12 **B. Chapter 11 Update**

13 On January 13, 2026, the Debtor filed its Motion to Amend, seeking amendment of the interim  
14 compensation procedures in this case to (1) increase the monthly fee holdback to 100%, effectively  
15 pausing monthly fee payments, and (2) defer all payment on interim fee applications, including the  
16 remaining 25% under the Seventh Interim Fee Order, through conclusion of the Chapter 11 Case.<sup>1</sup> The  
17 Debtor has determined, in the exercise of its reasonable business judgment, that this relief is necessary to  
18 preserve its unrestricted cash and other unrestricted assets to help fund payments to survivors and to  
19 continue its operations with an operating cash balance at a responsible level. On Tuesday, January 27,  
20 2026, the Debtor convened a meeting between its finance representatives and counsel (Dan Flanagan and  
21 Carlos de Quesada from VeraCruz Advisory, and Shane Moses and Matt Lee from Foley) and counsel  
22 and financial consultants for the Committee (Brent Weisenberg and Colleen Restel from Lowenstein, and  
23 Paul Shields and Matthew Babcock from Berkeley Research Group) for the purpose of reviewing and  
24 answering questions regarding the Debtor's cash forecast. On January 29, 2026, the Committee filed its  
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28 <sup>1</sup> The requested relief would not apply to the Court-appointed Mediators or Fee Examiner.

1 opposition to the Motion to Amend, and the Motion to Amend is set for hearing on regular notice on  
2 February 4, 2025.

3 In light of current circumstances, the Debtor will not move at this time for this Court to reconsider,  
4 or for relief from, the *Order Granting Renewed Motion of the Official Committee of Unsecured Creditors*  
5 *to Lift the Automatic Stay to Permit Certain Plaintiffs' Personal Injury Claims to Proceed in State Court*  
6 [Dkt. No. 2168] (the "Lift Stay Order"). The Debtor reserves all rights including with respect to this issue.

7 The Debtor anticipates filing a Fourth Amended Plan of Reorganization in the near future<sup>2</sup> based  
8 in large part on the Term Sheet, subject to further negotiations with the Committee and insurers. The  
9 Debtor believes this action is necessary, reasonable, and appropriate for at least the following reasons:

- 10 1. Given the progress to date in mediation which has resulted in a record-breaking amount  
11 the Debtor and certain of its non-Debtor affiliates are agreeing to contribute, supplemented  
12 by the amount certain Insurers are willing to pay to fund a settlement to the creditor  
13 survivors in this case, a confirmed Plan of Reorganization would be better for all  
14 stakeholders than a dismissal of the Chapter 11 Case at this time.
- 15 2. Filing a Fourth Amended Plan may drive consensus in a shorter period of time, reflected  
16 by the Court as a "good thing to say" during the January 20 Status Conference. *See* Ex. A,  
17 Transcript of 1/20/26 Status Conference, at p. 50, lines 9-16.
- 18 3. The Debtor recognizes obtaining confirmation of a Fourth Amended Plan in the event the  
19 Committee will not consent to same will be challenging. The Committee will likely argue  
20 it is impossible. But the Fourth Amended Plan will satisfy the elements for confirmation  
21 under Section 1129(b) of the Bankruptcy Code even without the approval of the survivor  
22 creditors. Plainly stated, any argument by the Committee that confirmation under Section  
23 1129(b) is not possible is contrary to the law.

24 The Debtor believes if the Committee does not settle with the Debtor, then the votes on the  
25 Debtor's Fourth Amended Plan of Reorganization will not change in any material way from the voting  
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27 \_\_\_\_\_  
28 <sup>2</sup> See proposed confirmation schedule, *infra*.

1 results last year. Nonetheless, Section 1129(b) of the Bankruptcy Code effectively provides a mechanism  
 2 for this Court to substitute its judgment for that of the 9 members of the Committee in this case and confirm  
 3 the Debtor’s proposed fourth amended plan so long as the Debtor satisfies the requirements of Section  
 4 1129(b). As the Ninth Circuit has put it, the Bankruptcy Code provides that “where all requirements for  
 5 confirmation but section 1129(a)(8) are met, the bankruptcy court *shall* confirm a Chapter 11  
 6 reorganization plan over the objection of an impaired class or classes ‘if the plan does not discriminate  
 7 unfairly, and is *fair and equitable*, with respect to each class of claims or interests that is impaired under,  
 8 and has not accepted, the plan.’” *In re Bonner Mall P’ship*, 2 F.3d 899, 906 (9th Cir. 1993) (emphasis in  
 9 original). Any Fourth Amended Plan filed by the Debtor will satisfy the requirements of Section 1129,  
 10 including Section 1129(b) and the best interests of creditors test under Section 1129(a)(7)(A)(ii).

11 The Debtor proposes the following schedule going forward:

Event	Deadline
Deadline to file Fourth Amended Plan	February 16, 2026
Hearing on form of notice of Confirmation Hearing	February 25, 2026
Plan Objection deadline	February 27, 2026
Amended Affirmative Expert Reports due	March 13, 2026
Deadline to complete supplemental fact discovery	March 13, 2026
Rebuttal Expert Reports due	March 18, 2026
Deadline to complete expert depositions	April 1, 2026
Deadline to file Motions <i>in Limine</i>	April 3, 2026
Exchange deposition designations	April 8, 2026
Responses to Motions <i>in Limine</i> due (no replies)	April 8, 2026
Exchange deposition counter-designations	April 10, 2026
Draft Pretrial Order prepared by Debtor to be circulated to Committee	April 13, 2026
Hearing on Motions <i>in Limine</i>	April 15, 2026
Pretrial Conference	April 15, 2026
Briefs in Support of Confirmation due	April 16, 2026
Deadline to file declarations constituting direct testimony of all witnesses (fact and expert)	April 15, 2026
Deadline to submit Joint Pretrial Order and Witness	April 15, 2026

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and Exhibit Lists	
Commencement of Confirmation Hearing	April 20, 2026
Anticipated Effective Date	April 30, 2026

There is no need for a full new disclosure statement and resolicitation of the Fourth Amended Plan. No purpose would be served by resolicitation. Although the treatment of Survivors under the Fourth Amended Plan is materially better than under the Third Amended Plan, the Debtor is willing to accept the likely outcome of the Class 4 vote is the same so long as the Committee recommends voting against the Plan. There is likewise no need to resolicit votes from other voting classes, as their treatment will not be materially changed from the Third Amended Plan. A new disclosure statement would simply be an opportunity to compound litigation and re-litigate issues already addressed with approval of the Third Amended Disclosure Statement. Instead, the Debtor proposes to provide creditors with notice of the Fourth Amended Plan, the objection deadline, and the confirmation hearing, which notice would include an executive summary setting forth the essential changes from the Fourth Amended Plan.

The schedule above provides sufficient time for completing discovery and conducting a confirmation hearing in light of the discovery already conducted. The Debtor moved on July 16, 2025, to adjourn the August 26, 2025, confirmation hearing on the Debtor's Third Amended Plan. At that time, fact discovery was complete, including all fact witness depositions. Affirmative expert reports had been exchanged. Rebuttal reports were not exchanged but were due within days. Discovery for a Fourth Amended Plan will not be a restart. At most only very limited additional fact discovery would be needed. While some expert reports might need to be amended (for example to bring real estate valuations current), the changes should be minimal and would not require significant time. Less than six weeks remained before the confirmation hearing when the Debtor moved to adjourn in July 2025. The schedule above provides approximately nine and a half weeks from filing of the Fourth Amended Plan to commencement of the confirmation hearing. This additional time is more than sufficient to accommodate any additional discovery needed.

Finally, the Committee stated in its last Status Report [Dkt. No. 2566] its intention to seek to solicit its own plan of reorganization, stating, "A Committee plan will expose the Debtor to 'losing' in this case,

1 rather than just ‘not winning.’ In turn, the settlement dynamics will change considerably.” *Id.* at p. 15.  
2 Putting aside the Committee’s continued obsession with maintaining or creating leverage, any such plan  
3 is likely to be premised on forcing the Debtor to borrow—and hypothetical non-Debtors to lend—funds  
4 to facilitate additional “up-front” or accelerated payments, an outcome not contemplated by Section 1123  
5 of the Bankruptcy Code. Without identifying a lender committing to lend to the Debtor on terms the Debtor  
6 can support, any such plan would be by definition not feasible. Similarly, the Committee cannot force a  
7 non-Debtor such as RCWC (aka Schools) to fund into and be bound by such a plan – creating a \$30-50  
8 million hole in any plan to be proposed by the Committee. Nor can the Committee force the Debtor’s  
9 existing proposed exit financier, RCC (aka Cemeteries), to loan money to support such a plan – creating  
10 a hole in the amount of \$55M which is the amount the Debtor will borrow from RCC to help fund its  
11 fourth amended plan, and thereby inherently playing Survivors more solely than they would be paid under  
12 the Debtor’s plan. Finally, the Committee cannot force non-Debtor Adventus to permit the use of the  
13 Livermore property as collateral for any loan nor to allow proceeds from the sale of Livermore to help  
14 fund a settlement. These things only happen under the Debtor’s proposed Fourth Amended Plan, as  
15 described in the Term Sheet. And the Committee’s response – that will simply argue the Debtor has more  
16 than enough assets and can figure out for itself how to make the Committee’s plan feasible – is not credible  
17 nor is it supported by the Bankruptcy Code. Feasibility is the plan proponent’s burden.

18 Finally, since the Committee expressly raised this point in its last statement to this Court, the  
19 Debtor responds to state the settlement dynamics in this Chapter 11 Case that must change do not fall to  
20 the Debtor alone. It is true that some of the 9 members of this Committee may continue to oppose the  
21 Debtor’s proposed settlement here. It is also true that those members are not making rational economic  
22 choices in this Chapter 11 Case – how else could one describe them rejecting a record-breaking settlement,  
23 or them taking the position the settlement amount payment schedule is “too long” while ignoring that a  
24 dismissal of the Chapter 11 Case would add innumerable years before all but a select few creditors are  
25 paid?

26 Individual creditors are free to cast their ballots to oppose a debtor’s plan. But, Section 1129(b)  
27 exists for a reason – for bankruptcy courts in all kinds of chapter 11 cases to confirm a plan over the  
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1 objection of creditors who have voted to reject a plan so long as the debtor meets the requirements of the  
2 Bankruptcy Code and proposes a plan that is fair and equitable. Indeed, the Bankruptcy Code requires this  
3 Court to do so if the Debtor's Plan is fair and equitable, does not discriminate unfairly, and otherwise  
4 satisfies the requirements of the Bankruptcy Code. *See In re Bonner Mall*, 2 F.3d at 906; In re Arnold,  
5 471 B.R. 578, 592 (Bankr. C.D. Cal. 2012) (citing *In re Bonner Mall* and discussing at length the purpose  
6 of Section 1129(b) to rebalance the Code in favor of reorganization).

7 If the Debtor's Fourth Amended Plan satisfies the best interests of creditors (which it will),<sup>3</sup> and  
8 is fair and equitable in its treatment of creditors (which it will be), then it should be confirmed  
9 notwithstanding a class of creditors voting to reject. The record-breaking settlement proposed by the  
10 Debtor here, together with the evidence which will easily demonstrate the Debtor satisfies the best interests  
11 of creditors test, supports confirmation in this case, even over the Committee's objection. And maybe, just  
12 maybe, if the Committee members believe this Court will follow 1129(b) and confirm the Debtor's fourth  
13 amended plan via cramdown, they will ultimately reach a settlement short of this Court's ultimate order  
14 on the Debtor's Fourth Amended Plan.

15 DATED: February 2, 2026

Respectfully submitted,

16 **FOLEY & LARDNER LLP**

17 Eileen R. Ridley

18 Shane J. Moses

19 Ann Marie Uetz

20 Matthew D. Lee

21 Geoffrey S. Goodman

22 Mark C. Moore

23 /s/ Shane J. Moses

24 SHANE J. MOSES

25 *Counsel for the Debtor*  
26 *and Debtor in Possession*

27 <sup>3</sup> The Debtor's evidence, including expert reports, will show that Section 1129(a)(7)(A)(ii) is satisfied  
28 even if the Court ultimately rules that all of the Debtor's real property, including operating churches,  
must be considered.