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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

In re:

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

Debtor.

Bankruptcy Case No.: 23-40523 WJL

Hon. William J. Lafferty

Chapter 11

**OBJECTION TO COMMITTEE /
DIOCESE PROPOSED SCHEDULE**

Date: March 20, 2026

Time: 8:00 a.m. PT

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

The Pacific Insurers and Travelers offer the following points and authorities in connection with any consideration of scheduling. The time set aside for March 20 is for a status conference.



1 The Committee and Diocese did not share drafts of revised plans between the last hearing and today
2 or a revised scheduling proposal.

3 **1. Notice of a Disclosure Statement Hearing, an Opportunity to Object and a Disclosure**
4 **Statement Hearing are Required**

- 5 • Research has not identified any plan of reorganization ever having been confirmed in a
6 diocesan bankruptcy without notice of a disclosure statement hearing, a disclosure statement
7 hearing and court approval of a disclosure statement.
- 8 • Rule 3017(a) of the Federal Rules of Bankruptcy Procedure requires a disclosure statement
9 hearing on 28 days' notice, an opportunity to object and a hearing.
- 10 • Where, as here, the Committee and Diocese plans are structured around a complex array of
11 third party releases, injunctions and a novel deferred discharge, the need for truly informed
12 consent is heightened.
- 13 • Changes to the competing plans of reorganization are material and adverse precluding a
14 finding under Bankruptcy Rule 3019(a) that solicitation is not required.

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16 **2. Notice of the Solicitation Procedures Proposed for the Competing Plans Should be**
17 **Provided, and There Should Be an Opportunity For Objection and Hearing**

- 18 • *Post-Purdue*, non-consensual third-party releases and injunctions are impermissible in a non-
19 524(g) case like this.
- 20 • Coercive and “opt-out” solicitation are opposed by the Department of Justice and Office of
21 the United States Trustee and lack circuit approval *post-Purdue*. See, e.g., *In re The Diocese*
22 *of Buffalo, N.Y.*, Case No. 20-10322-CLB, ECF Doc. No. 4616, at 3 (Bankr. W.D.N.Y. Feb.
23 27, 2026) (“[t]he Office of the United States Trustee objects” to the plan proponents’ motion
24 seeking approval of a confirmation ballot that allows creditors to “opt-out” of third-party
25 releases such that if creditors are silent, their consent would be assumed).
- 26 ○ As the District Court held in *In re GOL Linhas Aéreas Inteligentes S.A., et al.*, 675 B.R.
27 125, 130-32 (S.D.N.Y. 2025), *appeal docketed*, No. 26-49 (2d Cir. Jan. 9, 2026),
28 applying principles of state contract law to the issue and finding “[t]hose principles

1 indicate that the third-party releases at issue here [opt-out releases] are nonconsensual
2 and, thus, barred by the Supreme Court in *Purdue*.” Further, “the general principles of
3 contract law, as embodied in the Restatement of Contracts, establish that, outside of rare
4 exceptions, consent cannot be implied from silence. The third-party releases here are
5 nonconsensual under federal law as well.”

6 ○ In *In re Tonawanda Coke Corporation*, 662 B.R. 220, 222 (Bankr. W.D.N.Y. 2024), also
7 a mass tort case, the Bankruptcy Court for the Western District of New York observed:
8 “Hence, any proposal for a non-debtor release is an ancillary offer that becomes a
9 contract upon acceptance and consent. Not authorized by any provision of the
10 Bankruptcy Code, any such consensual agreement would be governed instead by state
11 law.” Applying applicable state law, the WDNY Bankruptcy Court concluded: “[w]e
12 find that the mere ability to opt out of a release is insufficient to establish that
13 consent.” *Id.* at 223.

14 ○ In *In re Smallhold, Inc.*, 665 B.R. 704 (Bankr. D. Del. 2024), the court held that an opt-
15 out third-party release was nonconsensual and ineffective as against creditors who
16 abstained from voting on a chapter 11 plan. The Court observed: “It is reasonable to
17 require creditors to pay attention to what the debtor is doing in bankruptcy as it relates to
18 the creditor’s rights against the debtor. But as to the creditor’s rights against third
19 parties—which belong to the creditor and not the bankruptcy estate—a creditor should
20 not expect that those rights are even subject to being given away through the debtor’s
21 bankruptcy.” *Id.* at 721.

- 22 • Confusion generated by competing plans requires special and heightened attention to
23 solicitation procedures.

24 3. A Near Term Deadline Should be Set to File Missing Plan Documents Governing the 25 Allowance and Valuation of Claims and Releases

- 26 • Key plan documents, including the Trust Distribution Agreement, Claim Release Agreements
27 and other plan documents are either missing or incomplete. These documents contain
28 material terms without which plans cannot be understood.
- Voters cannot meaningfully evaluate plan terms and their impact without terms impacting
claims, releases, and insurance.

4. Due Process Requires a Meaningful Opportunity for Discovery After All Plan Documents Are Filed

- The Committee injects an array of controversial terms into its plan that impact the insurance
contracts, the disposition of insurance proceeds, and modify the insuring relationship and
raise factual issue for confirmation.

- Ninth Circuit decisions in *In re Thorpe Insulation Co.*, 677 F.3d 869, 891 (9th Cir. 2012) (“remand to the district court with instructions that it remand to the bankruptcy court to permit Appellants to submit their proof on all issues they previously preserved”) and decisions by other circuits call for factual development of issues. Ninth Circuit reversed and remanded to allow discovery into impact of plan on insurance contracts.

* * * * *

The Committee injects an array of controversial terms into its plan that impact the insurance contracts, the disposition of insurance proceeds and improperly seek to use plan confirmation to modify the insuring relationship, leaving the Pacific Insurers and Travelers as objectors to the Committee plan.

The insurers and the Diocese had agreement on a form of consensual assignment and treatment of insurance in the plan that was solicited. This represented an enormous step forward. To the extent that the Diocese abandons or modifies these terms, which we have urged it not to do, its new plan would need to be solicited and a meaningful opportunity provided for discovery and objections.

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1 DATED: March 19, 2026

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