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10 **UNITED STATES BANKRUPTCY COURT**
11 **NORTHERN DISTRICT OF CALIFORNIA**

12 In re:
13 THE ROMAN CATHOLIC BISHOP OF
OAKLAND, a California corporation sole,
14
15 Debtor.

Bankruptcy Case No.: 23-40523 WJL

Hon. William J. Lafferty

Chapter 11

16 **EXHIBIT IN SUPPORT OF**
17 **SUPPLEMENTAL OBJECTION TO THE**
18 **DISCLOSURE STATEMENT FOR THE**
19 **OFFICIAL COMMITTEE OF**
20 **UNSECURED CREDITORS' PLAN OF**
21 **REORGANIZATION DATED MARCH**
22 **27, 2026**

Date: April 10, 2026

Time: 8:00 a.m.

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

1 LMI¹ hereby file their proposed revisions to the Disclosure Statement for the Official
2 Committee of Unsecured Creditors' Plan of Reorganization Dated March 27, 2026, attached hereto
3 as Exhibit 1, in support of *LMI's Supplemental Objection to the Disclosure Statement for the Official*
4 *Committee of Unsecured Creditors' Plan of Reorganization Dated March 27, 2026* (Dkt No. 2797).
5

6 Dated: April 9, 2026

7 By: /s/ Jeff D. Kahane

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24 _____
25 ¹ LMI are Certain Underwriters at Lloyd's, London, subscribing severally and not jointly to Slip Nos.
26 CU 1001 and K 60034 issued to the Roman Catholic Bishop of San Francisco, and Nos. K 78318 and
27 CU 3061 issued to the Roman Catholic Bishop of Oakland; Catalina Worthing Insurance Ltd f/k/a
28 HFPI (as Part VII transferee of Excess Insurance Co. Ltd.); the Ocean Marine Insurance Company
Limited (as Part VII transferee of the World Auxiliary Insurance Corporation Limited); River Thames
Insurance Company Limited; Dominion Insurance Company Limited; Companhia de Seguros
Fidelidade-Mundial f/k/a Fidelidade Insurance Company of Lisbon; and R&Q Gamma Company
Limited (as Part VII transferee of Anglo French Ltd.).

Exhibit 1

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Unsecured Creditors*

13 **UNITED STATES BANKRUPTCY COURT**
14 **NORTHERN DISTRICT OF CALIFORNIA**
15 **OAKLAND DIVISION**

15 *In re:*
16 THE ROMAN CATHOLIC BISHOP OF
17 OAKLAND, a California corporation sole,
18 Debtor.

Case No. 23-40523 WJL
Chapter 11
Judge: Hon. William J. Lafferty

19 **DISCLOSURE STATEMENT FOR THE OFFICIAL COMMITTEE**
20 **OF UNSECURED CREDITORS' PLAN OF REORGANIZATION,**
21 **DATED MARCH 27, 2026**
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1 FROM THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF THE
2 ROMAN CATHOLIC BISHOP OF OAKLAND

3 **THE COMMITTEE RECOMMENDS THAT HOLDERS OF SEXUAL ABUSE
4 CLAIMS VOTE TO:**

5 **ACCEPT (VOTE FOR) THE COMMITTEE PLAN**

6 **REJECT (VOTE AGAINST) THE DIOCESE PLAN**

7 The Official Committee of Unsecured Creditors (the "Committee") in the chapter
8 11 bankruptcy case of the Roman Catholic Bishop of Oakland (the "Diocese" or the
9 "Debtor") consists of nine survivors of sexual abuse ("Survivors") who are entrusted with
10 representing the interests of all Survivors.

11 The Committee and the Diocese have each filed a Plan of Reorganization (the
12 "Committee Plan" and the "Diocese Plan") which propose to compensate Survivors for
13 the horrendous pain and trauma they have suffered at the hands of the Diocese. All
14 Survivors in this bankruptcy case have the opportunity to vote on whether the Committee
15 Plan or the Diocese Plan should be approved by the Bankruptcy Court. *The Committee
16 strongly recommends that you vote to ACCEPT the Committee Plan and REJECT the
17 Diocese Plan.*

18 The Committee Plan proposes that the Diocese pay \$195.2 million to a Survivors'
19 Trust for the benefit of Survivors in three installments with the last payment due no later
20 than September 2029 and offers a release of all claims against the Roman Catholic Welfare
21 Corporation of Oakland ("RCWC") if it agrees to pay \$118.9 million to the Survivors'
22 Trust over the same period. In contrast, the Diocese Plan proposes that the Diocese pay
23 just \$150 million to the Survivors' Trust on a timetable that cannot be determined at this
24 time, but is likely to extend into late 2030 and beyond, and offers RCWC a release if it
25 pays only \$30 million. The Diocese Plan also proposes that several of its insurers
26 contribute money to the Survivors' Trust in exchange for a release of all further liability
27 under their insurance policies. The problem with the Diocese Plan is that the settlement
28 amount being paid to Survivors is far too low and it severely underestimates the value of
its insurance coverage. The Diocese has millions of dollars of assets from which to
compensate Survivors and can do so in far less time than is proposed in the Diocese Plan.

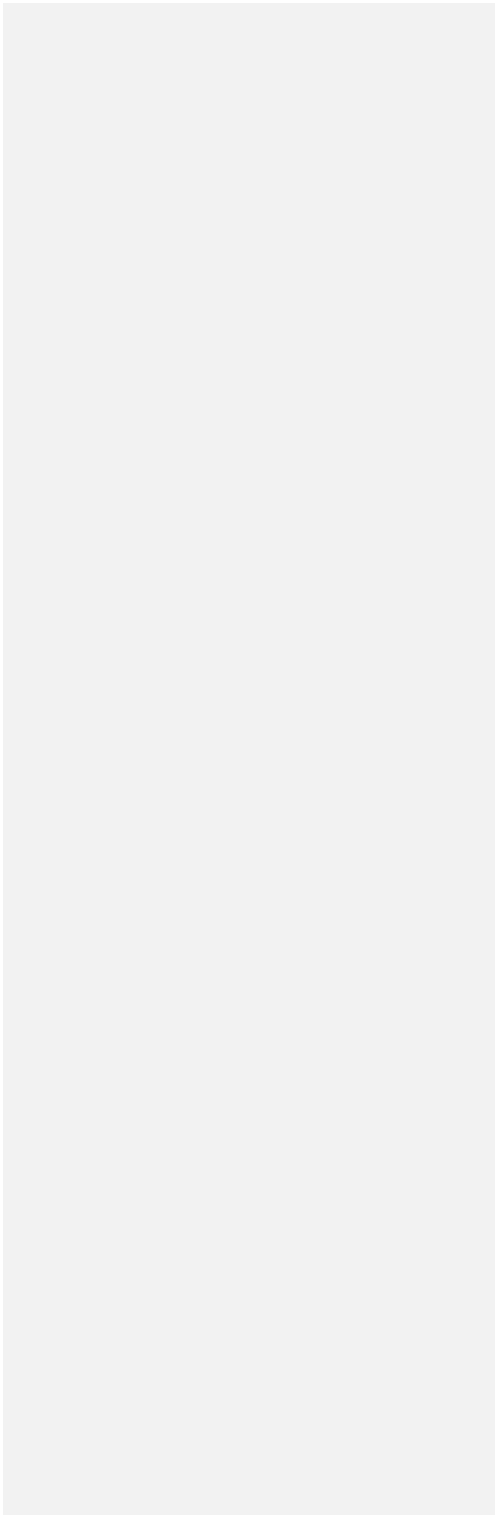
Many of you were harmed by some of the most notorious perpetrators in the
Church. The Diocese Plan does not begin to fairly compensate Survivors for the years of
negligence and the harm the Diocese failed to stop. Accordingly, the Committee filed the
Committee Plan which: (i) pays \$195.2 million to Survivors over a shorter period of time
than the Diocese Plan; (ii) permits Survivors to pursue the Debtor's insurers to compel
them to pay what they owe and (iii) requires long-term, meaningful changes to the way the
Diocese protects its children now and in the future.

The Committee believes:

- The Debtor has resources available to pay more to Abuse Claimants than it proposes to in the Diocese Plan.

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- The Committee Plan will provide Abuse Claimants with a greater monetary recovery than the Diocese Plan.
- The Committee Plan's mandate that the Diocese change the way it operates—so that the horrific harm the Diocese caused never happens again—is vital to a successful resolution of this case.



1 **IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT**

2 THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF THE ROMAN
3 CATHOLIC BISHOP OF OAKLAND, A CALIFORNIA CORPORATION SOLE, SEEKS
4 CONFIRMATION OF *THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS' PLAN*
5 *OF REORGANIZATION, DATED MARCH 27, 2026*. A COPY OF THE COMMITTEE PLAN
6 IS ATTACHED TO THIS DISCLOSURE STATEMENT AS **EXHIBIT A**.¹

7 THIS DISCLOSURE STATEMENT, THE COMMITTEE PLAN, THE PLAN
8 DOCUMENTS, THE ACCOMPANYING BALLOT AND RELATED MATERIALS ARE
9 BEING FURNISHED BY THE COMMITTEE, AS THE PLAN PROPONENT, UNDER
10 SECTIONS 1125 AND 1126 OF THE BANKRUPTCY CODE AND RULE 3016 OF THE
11 FEDERAL RULES OF BANKRUPTCY PROCEDURE, IN CONNECTION WITH THE
12 COMMITTEE'S SOLICITATION OF VOTES TO ACCEPT THE COMMITTEE PLAN. THIS
13 DISCLOSURE STATEMENT IS DESIGNED TO PROVIDE ADEQUATE INFORMATION
14 TO ENABLE HOLDERS OF IMPAIRED CLAIMS AGAINST THE DEBTOR (THAT ARE
15 ENTITLED TO VOTE AS DESCRIBED HEREIN) TO MAKE AN INFORMED DECISION
16 ON WHETHER TO ACCEPT OR REJECT THE COMMITTEE PLAN.

17 THE SUMMARY OF THE COMMITTEE PLAN AND STATEMENTS MADE IN
18 THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY
19 REFERENCE TO THE COMMITTEE PLAN.

20 HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE COMMITTEE PLAN
21 SHOULD NOT RELY ON ANY REPRESENTATIONS OR INDUCEMENTS MADE TO
22 SECURE ACCEPTANCE OF THE COMMITTEE PLAN, OTHER THAN THOSE SET
23 FORTH IN THIS DISCLOSURE STATEMENT. NO PERSON MAY GIVE ANY
24 INFORMATION ON BEHALF OF THE COMMITTEE REGARDING THE COMMITTEE
25 PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE COMMITTEE PLAN, OTHER
26 THAN THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, EXCEPT
27 FOR THE DEBTOR, WHICH FILED THE *DEBTOR'S FOURTH AMENDED PLAN OF*
28 *REORGANIZATION* [DKT. NO. 2654] ON FEBRUARY 20, 2026, FOR WHICH IT WILL BE
SOLICITING VOTES. ALL OTHER STATEMENTS REGARDING THE COMMITTEE
PLAN, WHETHER WRITTEN OR ORAL, ARE UNAUTHORIZED.

IF THERE IS ANY CONFLICT BETWEEN THE DESCRIPTIONS SET FORTH IN
THIS DISCLOSURE STATEMENT AND THE COMMITTEE PLAN OR ANY OTHER
APPLICABLE DOCUMENT, THE COMMITTEE PLAN OR SUCH OTHER APPLICABLE
DOCUMENT SHALL GOVERN.

IF THE COMMITTEE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT
AND THE EFFECTIVE DATE OF THE COMMITTEE PLAN OCCURS, ALL HOLDERS OF
CLAIMS AGAINST THE DEBTOR (INCLUDING, WITHOUT LIMITATION, THOSE
HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE

¹ CAPITALIZED TERMS NOT DEFINED HEREIN HAVE THE MEANING ASCRIBED TO THEM IN
THE COMMITTEE PLAN.

1 COMMITTEE PLAN OR WHO ARE NOT ENTITLED TO VOTE ON THE COMMITTEE
2 PLAN, EXCEPT AS OTHERWISE PROVIDED IN THE COMMITTEE PLAN) WILL BE
3 BOUND BY THE TERMS OF THE COMMITTEE PLAN AND THE TRANSACTIONS
4 DESCRIBED IN THE COMMITTEE PLAN.

5 THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL
6 INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR IN ANY
7 EXHIBIT, EXCEPT AS EXPRESSLY INDICATED IN THIS DISCLOSURE STATEMENT
8 OR IN ANY EXHIBIT. THIS DISCLOSURE STATEMENT WAS COMPILED FROM
9 INFORMATION OBTAINED BY THE COMMITTEE FROM THE DEBTOR AS OF THE
10 DATE HEREOF. THE COMMITTEE'S PROFESSIONALS HAVE NOT INDEPENDENTLY
11 VERIFIED THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND
12 ARE NOT RESPONSIBLE FOR ANY INACCURACIES THAT MAY BE CONTAINED IN
13 THIS DISCLOSURE STATEMENT OR THE COMMITTEE PLAN. THE COMMITTEE HAS
14 NOT YET COMMENCED DISCOVERY IN CONNECTION WITH THE DIOCESE PLAN.
15 THE INFORMATION THE COMMITTEE RECEIVES MAY IMPACT THE PROJECTIONS
16 SET FORTH HEREIN AND CERTAIN OTHER ASSUMPTIONS MADE HEREIN. THE
17 STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF
18 THE DATE HEREOF, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL
19 NOT CREATE ANY IMPLICATION THAT THE INFORMATION IS CORRECT AT ANY
20 TIME SUBSEQUENT TO THIS DATE. THE COMMITTEE UNDERTAKES NO DUTY TO
21 UPDATE THE INFORMATION SET FORTH OR REFERENCED HEREIN. SUBSEQUENT
22 TO THE DATE HEREOF, THERE CAN BE NO ASSURANCE THAT: (I) THE
23 INFORMATION AND REPRESENTATIONS CONTAINED HEREIN REMAIN
24 MATERIALLY ACCURATE OR (II) THIS DISCLOSURE STATEMENT CONTAINS ALL
25 MATERIAL INFORMATION. NOTWITHSTANDING THE FOREGOING, THE
26 STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ASSUME THAT THE
27 DEBTOR WILL OBTAIN POSTPETITION FINANCING IN THE AMOUNT AND AT THE
28 TIME THE DEBTOR HAS STATED BEFORE THE BANKRUPTCY COURT. IF THE LOAN
IS NOT OBTAINED, OR IS OBTAINED IN AN AMOUNT LESS THAN THE DEBTOR HAS
PROJECTED, THE PROJECTIONS SET FORTH HEREIN MAY NOT BE ACCURATE.

19 PERSONS OR ENTITIES HOLDING OR TRADING IN OR OTHERWISE
20 PURCHASING, SELLING, OR TRANSFERRING CLAIMS AGAINST THE DEBTOR
21 SHOULD EVALUATE THIS DISCLOSURE STATEMENT IN LIGHT OF THE PURPOSE
22 FOR WHICH IT WAS PREPARED, AND SHOULD BE AWARE THAT ACTUAL
23 DISTRIBUTIONS MAY VARY FROM THE ESTIMATES CONTAINED HEREIN.

24 THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY
25 PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR
26 REJECT THE COMMITTEE PLAN, AND NOTHING STATED IN THIS DISCLOSURE
27 STATEMENT CONSTITUTES AN ADMISSION OF ANY FACT OR LIABILITY BY ANY
28 PERSON OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE COMMITTEE,
THE DEBTOR OR ANY OTHER PERSON, OR BE DEEMED CONCLUSIVE EVIDENCE OF
THE TAX OR OTHER LEGAL EFFECTS OF THE COMMITTEE PLAN ON THE DEBTOR,
THE COMMITTEE, ANY RELEASED PARTY OR HOLDERS OF CLAIMS.

1 THIS DISCLOSURE STATEMENT IS FORWARD-LOOKING. FORWARD-
2 LOOKING STATEMENTS ARE STATEMENTS OF EXPECTATIONS, BELIEFS, PLANS,
3 OBJECTIVES, ASSUMPTIONS, PROJECTIONS, AND FUTURE EVENTS OF
4 PERFORMANCE. AMONG OTHER THINGS, THIS DISCLOSURE STATEMENT
5 CONTAINS FORWARD-LOOKING STATEMENTS WITH RESPECT TO ANTICIPATED
6 FUTURE PERFORMANCE OF THE DEBTOR AND A SURVIVORS' TRUST TO BE
7 CREATED FOR THE BENEFIT OF HOLDERS OF ABUSE CLAIMS, AS WELL AS
8 ANTICIPATED FUTURE DETERMINATIONS OF CLAIMS AND DISTRIBUTIONS ON
9 CLAIMS. THESE STATEMENTS, ESTIMATES, AND PROJECTIONS MAY OR MAY NOT
10 PROVE TO BE CORRECT. ACTUAL RESULTS COULD DIFFER MATERIALLY FROM
11 THOSE REFLECTED IN THESE FORWARD-LOOKING STATEMENTS DUE TO A WIDE
12 VARIETY OF SIGNIFICANT BUSINESS, LEGAL, AND ECONOMIC RISKS, INCLUDING,
13 AMONG OTHERS, THOSE DESCRIBED IN THIS DISCLOSURE STATEMENT. THE
14 COMMITTEE UNDERTAKES NO OBLIGATION TO UPDATE ANY FORWARD-
15 LOOKING STATEMENT. NEW FACTORS EMERGE FROM TIME TO TIME AND IT IS
16 IMPOSSIBLE TO PREDICT ALL FACTORS, NOR CAN THE IMPACT OF ALL FACTORS
17 BE ASSESSED.

18 HOLDERS OF CLAIMS SHOULD NOT CONSTRUE THE CONTENTS OF THIS
19 DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR
20 TAX ADVICE. EACH HOLDER OF A CLAIM SHOULD CONSULT WITH THEIR OWN
21 LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS WITH RESPECT TO ANY
22 MATTERS CONCERNING THIS DISCLOSURE STATEMENT, THE SOLICITATION OF
23 VOTES TO ACCEPT THE COMMITTEE PLAN, THE COMMITTEE PLAN AND THE
24 TRANSACTIONS CONTEMPLATED BY THE COMMITTEE PLAN.

25 [THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY ORDER OF THE
26 BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION OF A KIND AND
27 IN SUFFICIENT DETAIL TO ENABLE HOLDERS OF CLAIMS TO MAKE AN INFORMED
28 JUDGMENT WITH RESPECT TO VOTING TO ACCEPT OR REJECT THE COMMITTEE
PLAN]. HOWEVER, THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE
STATEMENT IS NOT A RECOMMENDATION OR DETERMINATION BY THE
BANKRUPTCY COURT AS TO THE MERITS OF THE COMMITTEE PLAN. EACH
HOLDER OF A CLAIM ENTITLED TO VOTE TO ACCEPT OR REJECT THE COMMITTEE
PLAN SHOULD READ THIS DISCLOSURE STATEMENT AND THE COMMITTEE PLAN
(INCLUDING ALL EXHIBITS AND SCHEDULES TO THE COMMITTEE PLAN AND
DISCLOSURE STATEMENT) IN THEIR ENTIRETY BEFORE VOTING.

ALL DOCUMENTS FILED WITH THE BANKRUPTCY COURT, INCLUDING THE
COMMITTEE PLAN AND DISCLOSURE STATEMENT, ARE AVAILABLE AT
[HTTPS://VERITAGLOBAL.NET/RCBO](https://veritaglobal.net/rcbo) FREE OF CHARGE.

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1 **THE COMMITTEE RECOMMENDS THAT HOLDERS OF ABUSE CLAIMS**
2 **VOTE TO ACCEPT THE COMMITTEE PLAN AND REJECT THE DIOCESE PLAN**
3 **BECAUSE, AMONG OTHER THINGS, THE COMMITTEE PLAN PROVIDES AN**
4 **ADDITIONAL \$44.2 MILLION TO ABUSE CLAIMANTS AND ACHIEVES OTHER**
5 **IMPORTANT GOALS SET OUT BY ABUSE CLAIMANTS.**

6 In an attempt to protect itself from a deluge of claims arising out of sexual abuse
7 committed by members of its clergy ("**Abuse Claims**"), the Roman Catholic Bishop of Oakland,
8 a California corporation sole, filed for bankruptcy protection under chapter 11 of title 11 of the
9 United States Code on May 8, 2023. The Debtor has remained in possession of its assets and has
10 continued to manage its affairs. On May 23, 2023, the Office of the United States Trustee
11 appointed the Committee, which consists of nine survivors of sexual abuse who filed Abuse
12 Claims against the Diocese to represent other similarly-situated survivors of clergy sexual abuse
13 ("**Abuse Claimants**"). More than 375 Abuse Claimants have filed Abuse Claims in the Debtor's
14 bankruptcy case.

15 The Debtor filed the Diocese Plan on February 20, 2026. For the reasons described below,
16 the Committee does not support the treatment of Abuse Claims proposed by the Debtor under the
17 Diocese Plan. The problem with the Diocese Plan is that, among other things, the settlement
18 amount being paid to Abuse Claimants is far too low. The Diocese proposes to pay over 375
19 Abuse Claimants just \$150 million on a timetable that cannot be determined at this time, but is
20 likely to extend into late 2030 and beyond. And non-debtor affiliate, RCWC, proposes to pay
21 just \$30 million in consideration for releases of Abuse Claims asserted against it. Moreover, the
22 Debtor proposes to settle its claims against certain insurers for approximately \$44.3 million. But
23 the Committee values those claims as multiples of that amount.

24 The Committee thus filed the Committee Plan so that:

- 25 (i) The Debtor must pay **\$195.2 million** in three installments with the last payment
26 due no later than September 2029;
- 27 (ii) RCWC, if it chooses, can elect to pay **\$118.9 million** in two installments with the
28 last payment due no later than March 5, 2028 in consideration for releases of
claims against it;
- (iii) Abuse Claimants can elect to litigate against the Debtor's insurers, which are
contractually obligated to pay certain Abuse Claims, in order to receive a recovery
from the Debtor's valuable insurance policies; and
- (iv) Abuse Claimants, the children in the care of the Diocese and society at large can
be assured that the Debtor must take all steps necessary to make certain the harm
that befell Abuse Claimants never occurs again.

1 Committee Plan confirmed and the risk factors Abuse Claimants should consider when voting on
2 the Committee Plan.

3 **B. Voting on the Committee Plan**

4 Any vote an Abuse Claimant may have cast in connection with the Debtor's prior plan of
5 reorganization will not be counted. For a vote to be counted, each Abuse Claimant must cast a
6 ballot in accordance with the instructions below.

7 To be counted, your Ballot must be received, pursuant to the following instructions, by
8 Kurtzman Carson Consultants, LLC dba Verita Global ("Verita"), on or before **5:00 p.m.**
9 (**prevailing Pacific Time**) on **[●], 2026** (the "Voting Deadline") by one of the following
10 methods:

11 If by first class mail, overnight courier or hand delivery:

12 The Roman Catholic Bishop of Oakland – Ballot Processing c/o Verita
13 222 N. Pacific Coast Highway, 3rd Floor
14 El Segundo, CA 90245

15 By electronic, online submission:

16 Please visit <https://www.veritaglobal.net/rcbo/>. Click on the "E-Ballot" section of the
17 Debtor's website and follow the directions on your Ballot to submit your E-Ballot. If you choose
18 to submit your Ballot via Verita's E-Ballot system, you should not also return a hard (paper) copy
19 of your Ballot.

20 **IMPORTANT NOTE:** To vote electronically, you will need a unique E-Ballot ID Number
21 that will be provided with your Ballot.

22 **IF YOU HOLD A CLAIM ENTITLED TO VOTE:**

23 Please (i) complete the information requested on the Ballot; (ii) sign, date and indicate
24 your vote to accept or reject the Committee Plan and (iii) return the completed Ballot in the
25 enclosed pre-addressed, postage-paid envelope, or by one of the other methods described above,
26 so that it is actually received by Verita on or before the Voting Deadline.

27 **ANY BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE
28 COUNTED, NOR WILL ANY BALLOTS RECEIVED BY TELECOPY OR EMAIL BE
ACCEPTED.**

IF YOU HAVE QUESTIONS ABOUT THE BALLOT, DID NOT RECEIVE A
RETURN ENVELOPE WITH YOUR BALLOT, DID NOT RECEIVE AN ELECTRONIC
COPY OF THE DISCLOSURE STATEMENT AND THE COMMITTEE PLAN OR NEED
PHYSICAL COPIES OF THE BALLOT OR OTHER ENCLOSED MATERIALS, PLEASE
CONTACT THE SOLICITATION AND CLAIMS AGENT, VERITA, BY EMAIL AT
RCBOINFO@VERITAGLOBAL.COM OR BY CALLING (888)-733-1425 (U.S./CANADA)

1 OR (310)-751-2631 (INTERNATIONAL) AND REQUESTING TO SPEAK WITH A
2 MEMBER OF THE BALLOTING TEAM.

3 **ARTICLE II**

4 **EXECUTIVE SUMMARY**

5 The Chapter 11 Case was filed against the backdrop of a terrible crisis and breach of trust.
6 For the preservation of the Catholic Church and the well-being of all affected constituencies,
7 particularly Abuse Claimants who hold the overwhelming majority of Claims in this Chapter 11
8 Case (in both number and amount), the Debtor must fully commit available resources to ensure
9 that the Debtor will comply with all of its obligations, and Abuse Claimants will be treated in a
10 manner consistent with their rights, under the Bankruptcy Code.

11 To that end, the Committee Plan provides for (i) the Debtor to contribute \$195.2 million
12 to a settlement trust (the “**Survivors’ Trust**”) established for the sole benefit of Abuse Claimants
13 and (ii) RCWC to contribute \$118.9 million, if it elects to contribute to the Committee Plan in
14 exchange for releases of its liability for Abuse Claims, for a total of **\$314.1 million**. The
15 contributions will be made in installments with the last payment due on or before September 5,
16 2029. The Debtor will also assign the proceeds of its insurance policies to the Survivors’ Trust,
17 which the Committee believes are worth far more than the amounts the Debtor has agreed to
18 accept under the Diocese Plan. The Committee Plan also provides for robust changes to the ways
19 in which the Diocese protects its children to make certain the harm that befell Abuse Claimants
20 never happens again.

21 In contrast, the Diocese Plan provides for a contribution of just \$150 million from the
22 Debtor and, if it elects to contribute to the Diocese Plan in exchange for releases, \$30 million
23 from RCWC for a total of **\$180 million**. The contributions will be made within three and a half
24 years of the Effective Date of the Diocese Plan, which will occur no earlier than July 2026, and
25 likely will not occur until all appeals of any Order confirming the Diocese Plan are resolved –
26 which could take several years. Five Settling Insurers will contribute \$44.3 million to the
27 Survivors’ Trust on the Effective Date of the Diocese Plan, which will provide for total Diocese
28 Plan funding of \$224.3 million, and the Debtor will assign the proceeds under its insurance
policies with three Non-Settling Insurers to the Survivors’ Trust. The Committee believes that
these settlements significantly underestimate the value of the Debtor’s insurance policies. The
Committee also believes that the insurance assignment in the Diocese Plan is highly prejudicial
to Abuse Claimants and could negatively impact the value of insurance available from Non-
Settling Insurers.

The Committee concludes that the Committee Plan is far superior in its treatment of Abuse
Claimants for at least four reasons.

First, the Committee Plan provides for the Debtor to contribute \$45.2 million more than
the Diocese Plan by September 5, 2029, while the Diocese Plan does not have a definitive date
by which all of the Debtor Contributions must be made.

Second, the Committee Plan authorizes Abuse Claimants to grant RCWC a release only
if it pays \$118.9 million to Abuse Claimants, which is \$88.9 million more than RCWC is required

1 to pay under the Diocese Plan. The Committee estimates, but subject to further review, that there
2 may be as many as 120 Abuse Claims against RCWC, meaning RCWC would be paying \$990,833
3 per Abuse Claim under the Committee Plan and just \$250,000 per Abuse Claim under the Diocese
4 Plan.

5 **Third**, the insurance provisions of the Diocese Plan fail to adequately protect the rights of
6 Abuse Claimants. The Debtor has agreed to tentative insurance settlements with five of its
7 insurers that undervalue the carriers' exposure. By way of example, the first two cases released
8 from the stay in the Archbishop of San Francisco's bankruptcy recently settled for a combined
9 \$10.3 million—which amount is being funded solely by the Archbishop's insurers (many of
10 whom are the same insurers in this case). Based on the Committee's analysis, there are at least
11 325 Abuse Claims that allege abuse, in part, during a solvent insurers' coverage period. Using a
12 placeholder of \$1 million per claim (which is significantly less than the average of the first two
13 San Francisco lift stay settlements) produces a total insurance exposure of \$325 million. ~~Yet the
14 Debtor has settled with five of its eight insurers for a fraction of that amount. Thus, by tentatively
15 settling with five of its eight insurers for an inadequate amount, the Debtor has both (i) failed to
16 appropriately monetize the policies of the five settling insurers and (ii) impaired the value of the
17 insurance assignment by permitting further recovery solely against the three remaining non-
18 settling insurers.~~

19 In addition, the Diocese Plan strips the Survivors' Trust's ability to pursue the insurance
20 declaratory judgment actions captioned *In re: The Roman Catholic Bishop of Oakland Insurance
21 Adversary Proceeding Litigation*, Case Nos. 3:24-cv 00709-JSC, 3:24-cv-00711-JSC (N.D. Cal.)
22 (the "**Coverage Action**"), for the benefit of Abuse Claimants. The Diocese Plan provides that
23 "any effort to collect from Abuse Insurance Policies issued by the Non-Settling Insurers to satisfy
24 an Abuse Claim after Confirmation of the Plan shall be sought individually by the applicable
25 Holder of an Abuse Claim . . ." Diocese Plan at § 8.3.13. As a result, common legal questions
26 applicable to many of the Abuse Claims will need to be decided through a multiplicity of wasteful,
27 individual coverage lawsuits, rather than an efficient, omnibus Coverage Action.

28 **Fourth**, the protection of children under diocesan supervision requires robust, sustained
and independent oversight mechanisms. While the Debtor has agreed to retain a Compliance
Monitor at the demand of the Committee, the Debtor's proposal to retain a Compliance Monitor
for a limited five-year term fundamentally misunderstands the nature and scope of institutional
reform. In addition, the Debtor's proposal that investigatory authority revert to the Bishop once
the Compliance Monitor's term ends ignores the fundamental structural conflict of interest that
necessitated independent oversight in the first instance. Accordingly, the Committee's Child
Protection Protocols provide for a default term of ten years after which certain duties and powers
vested in the Compliance Monitor will be assigned to a Compliance Advisory Board. In all
circumstances, investigations relating to allegations of sexual abuse will not become final until
an arbitrator determines that an Independent Professional Investigator completed a fair, fulsome
and non-prejudicial investigation.

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ARTICLE III

FREQUENTLY ASKED QUESTIONS

1. Why did the Diocese file a Chapter 11 Case?

On May 3, 2023, the Diocese filed its chapter 11 case (the “**Chapter 11 Case**”) in the United States Bankruptcy Court for the Northern District of California. The Diocese filed its Chapter 11 Case to address and resolve claims arising out of sexual abuse asserted against the Diocese in light of the State of California re-opening the window during which such claims may be asserted.

Approximately 400 Abuse Claimants have asserted Abuse Claims seeking damages for sexual abuse by individuals allegedly associated with the Diocese or related entities. Many Abuse Claimants also filed lawsuits against the Diocese and other entities related to the Diocese before the Chapter 11 Case.

2. What is the Committee?

The Committee was appointed by the United States Trustee to represent Abuse Claimants’ collective interests in the Chapter 11 Case. The Committee is comprised of nine survivors of sexual abuse asserting claims against the Diocese for the harm and trauma they suffered and continue to suffer to this day. The Committee hired counsel to advise it on bankruptcy and insurance matters and hired a financial advisor to aid in its investigation of the Diocese’s assets.

3. What is a chapter 11 plan?

Chapter 11 of the Bankruptcy Code allows a debtor (in this case, the Diocese) to resolve claims against it through a plan of reorganization. Abuse Claimants and other creditors who hold claims that will not be paid in full are given an opportunity to vote to approve or reject a plan. This type of claim is referred to as an “impaired claim” by the Bankruptcy Code and in the Committee Plan. In this case, Abuse Claimants are entitled to vote on the Committee Plan. If enough Abuse Claimants vote to accept the Committee Plan, and the Bankruptcy Court finds that the Committee Plan meets other requirements of the Bankruptcy Code, the Bankruptcy Court may enter an order approving the Committee Plan. Bankruptcy Court approval of a plan is referred to as “confirmation” of the plan under bankruptcy law. Once confirmed, the terms of the Committee Plan become binding on all creditors.

4. What is the Disclosure Statement?

This Disclosure Statement is intended to provide you with enough information so that you can make an informed decision on whether to accept or reject the Committee Plan. This Disclosure Statement summarizes how the Committee Plan will affect your Abuse Claim against the Diocese and also explains the deficiencies in the Diocese Plan, which the Committee does not support.

1 **5. How much does the Committee Plan propose to pay Abuse Claimants?**

2 The Committee Plan provides that all Abuse Claims asserted against the Diocese will be
3 channeled to, and paid from, the Survivors' Trust. The Survivors' Trust is a legal entity that will
4 receive an assignment of certain of the Debtor's rights under its insurance policies with any
5 insurer that does not settle with the Diocese and the Committee before the date the Committee
6 Plan becomes effective (the "**Effective Date**") and will distribute settlement funds to Abuse
7 Claimants. Under the Committee Plan, the Survivors' Trust created for the benefit of Abuse
8 Claimants will be funded by:

- 9 (i) the Debtor in the amount of **\$195.2 million**; and
10 (ii) RCWC (provided it elects to participate and receives releases from Class
11 4 Claimants holding Claims against it) in the amount of **\$118.9 million** for
12 a total of **\$314.1 million**.

13 The Committee Plan provides for payments from the Debtor and RCWC (provided it
14 receives releases from Class 4 Claimants holding Claims against it) over 3.5 years from the
15 Original Plan Filing Date of March 6, 2026. The Committee Plan also provides that the Diocese
16 will assign to the Survivors' Trust insurance proceeds realized from any insurer that has not settled
17 with the Committee and the Diocese by the Effective Date.

18 **6. How much does the Diocese Plan propose to pay Abuse Claimants?**

19 The Diocese has filed its own Plan of Reorganization, referred to as the Diocese Plan. The
20 Diocese Plan also provides that all Abuse Claims asserted against the Diocese will be channeled
21 to, and paid from, the Survivors' Trust. Under the Diocese Plan, the Survivors' Trust created for
22 the benefit of Abuse Claimants would be funded by:

- 23 (i) the Debtor in the amount of \$150 million; and
24 (ii) RCWC (provided it receives releases from Class 4 Claimants holding
25 Claims against it) in the amount of \$30 million for a total of **\$180 million**.

26 The Diocese Plan provides for payments from the Debtor and RCWC (provided it receives
27 releases from Class 4 Claimants holding Claims against it) over 3.5 years from the Effective Date,
28 which has not yet occurred and will occur no earlier than July 2026, and likely will not occur until
29 all appeals of any Order confirming the Diocese Plan are resolved, which could take several years.
30 The Diocese Plan also provides for approximately \$44.3 million to be contributed to the
31 Survivors' Trust by five Settling Insurers and the Debtor assigning to the Survivors' Trust the
32 rights and obligations of the Debtor in the three remaining Non-Settling Insurer Policies.

- 33 (i) **Does the Diocese Plan really "provide the highest per claim
34 average payout to survivors of any similarly-sized diocesan
35 bankruptcy filed in the United States"?**

36 No. The Debtor continues to tout the Diocese Plan as groundbreaking, asserting that, if
37 confirmed, the "[Debtor] Plan will ... provide the highest per claim average payout to survivors
38 of 44

1 of any similarly-sized diocesan bankruptcy filed in the United States.” *Executive Summary,*
2 *Frequently Asked Questions, and General Information Regarding Debtor’s Fourth Amended Plan*
3 *of Reorganization* [Dkt. No. 2654-1] (“**Debtor’s Plan Summary**”), 4:15–16. But comparing the
4 Debtor’s proposed distribution to Abuse Claimants in this Chapter 11 Case to other diocesan
5 bankruptcy cases to justify its fairness is wrong as a matter of law and highly misleading. Even
6 if the distributions made to Abuse Claimants in other bankruptcy cases had relevancy when
7 determining whether the Diocese Plan is fair and equitable—they do not—the Debtor ignores
8 precedents that do not support its narrative and instead relies on purported comparables involving
9 cases with materially different facts and circumstances that would plainly and significantly affect
10 the value of the underlying claims:

- 11 • Repeatedly fails to include settlements that took place outside of the bankruptcy context
12 in its analysis. These datapoints are a better indication of the value of Abuse Claims.
13 Indeed, settlements outside the bankruptcy context are typically negotiated at arm’s
14 length and are not limited by the Debtor’s ability to pay or restrained by the amount of
15 insurance available or level of cooperation from insurers.
- 16 • Insists, in the face of black letter law to the contrary, that the Diocese Plan be found
17 fair and equitable because the proposed distribution is measured by comparing it to
18 distributions made to *other* survivors, in *other* bankruptcy cases, pending in *other*
19 jurisdictions, in cases with *different* governing law, *different* estate assets, *different*
20 insurance programs and *different* historical jury verdicts and settlements. The Debtor
21 also fails to factor into its analysis whether the statute of limitations was open in prior
22 cases, which is a material factor in determining claim values.
- 23 • Ignores precedents that do not support its narrative, including two California diocesan
24 bankruptcy settlements: Diocese of San Diego and Diocese of Stockton.
- 25 • Certain Underwriters at Lloyd’s, London and Certain London Market Insurance
26 Companies (“LMI”) contend that the Committee’s references to the Diocese of San
27 Diego and Diocese of Stockton bankruptcy cases are irrelevant for the following reasons.
28 The Diocese of Stockton matter involved only four abuse claims, whereas the present
case involves approximately 400 claims. This significant disparity in claim volume
fundamentally alters the analysis of aggregate exposure, allocation methodology, and per-
claim recoveries. LMI also contend that the Diocese of San Diego bankruptcy case is
irrelevant because that case involved a dismissal after the Diocese of San Diego failed to
disclose certain financial accounts. There are no similar allegations in The Roman
Catholic Bishop of Oakland bankruptcy case. The Committee contends that the Diocese
of San Diego and Diocese of Stock bankruptcy cases are relevant.
- In addition, the Debtor continues to assert that there are only 324 valid Abuse Claims
filed in the Chapter 11 Case. The Committee disputes the Debtor’s conclusion and
contends that there are at least 375 facially valid Abuse Claims. The Debtor also asserts
that the Survivors’ Trust will distribute \$180 million. This assertion is inaccurate for
several reasons:

- 1 • **First**, assuming a \$180 million contribution to the Survivors' Trust, the Debtor
2 and RCWC propose to pay this amount over three and a half years, without
3 interest, of the Effective Date, which date is currently unknown and unknowable.
4 However unlikely, if the Effective Date occurred by year end, the present value of
5 the proposed settlement is \$150.3 million (assuming a 6.75% discount rate).
- 6 • **Second**, the Debtor's calculation includes the \$5 million earmarked for Unknown
7 Abuse Claimants; and
- 8 • **Third**, RCWC is highly unlikely to receive a meaningful number of releases under
9 the Diocese Plan. If Abuse Claimants do not grant RCWC a release under the
10 Diocese Plan, RCWC will not contribute its \$30 million, leaving only \$145 million
11 available to Class 4 Abuse Claimants in the Chapter 11 Case.
- 12 • Assuming 375 Abuse Claimants, whom do not consent to a release of RCWC,
13 and using the present value of the Diocese Plan funding (excluding the
14 Unknown Abuse Claim Reserve), in the amount of \$123.9 million, the average
15 distribution to each Abuse Claimant is \$330,455, a far cry from the Debtor's
16 assertion that the average distribution to Abuse Claimants is \$521,739.
17 Assuming RCWC received releases, the present value of the total Diocese Plan
18 payments available to Class 4 Abuse Claimants is \$150.3 million, or \$400,742
19 per Abuse Claim.
- 20 • In comparison, assuming (i) 375 Abuse Claimants and (ii) RCWC elects not
21 to contribute to the Committee Plan, and using the present value of the
22 Committee Plan funding (excluding the Unknown Abuse Claim Reserve), in
23 the amount of \$184.9 million, the average distribution to each Abuse Claimant
24 under the Committee Plan is \$448,552. Assuming RCWC elected to contribute
25 to the Committee Plan, the present value of the total Committee Plan payments
26 available to Class 4 Abuse Claimants is \$283.27 million, or \$755,395 per
27 Abuse Claim.

19 (ii) **Why does the Committee recommend that Abuse Claimants**
20 **support the Committee Plan and reject the Diocese Plan?**

21 For the reasons set forth above and in Article II of this Disclosure Statement, entitled
22 "Executive Summary," the Committee recommends Abuse Claimants accept the Committee Plan
23 and reject the Diocese Plan.

24 7. ***How will the Committee Plan work?***

25 (i) **Establishment of the Survivors' Trust**

26 The Committee Plan establishes a Survivors' Trust for the benefit of Abuse Claimants.
27 The Survivors' Trust will distribute funds to Abuse Claimants from (i) the \$195.2 million of
28 settlement funds from the Diocese, (ii) if RCWC elects to contribute to the Survivors' Trust in
exchange for releases, the \$118.9 million of settlement funds from RCWC and (iii) any additional

1 funds collected through litigation and/or settlement with the Debtor's insurers. \$7.7 million of
2 this amount will be set aside to pay any unknown claims, which are Abuse Claims filed after the
Committee Plan Effective Date.

3 The Survivors' Trust will protect and enforce Abuse Claimants' rights by continuing
4 litigation against the Debtors' insurers so that they are held liable for their contractual obligations.
Certain Abuse Claimants may also seek to pursue the insurers for liability.

5 **(ii) Method for Determining Payments to Abuse Claimants**

6 Funds will be distributed to Abuse Claimants under guidelines described in the
7 "Survivors' Trust Distribution Plan" which is attached as an exhibit to the Committee Plan. The
8 Survivors' Trust Distribution Plan provides guidelines for an independent claim reviewer, the
9 "Abuse Claims Reviewer," to analyze Abuse Claimants' Abuse Claims and award each Allowed
10 Abuse Claim a point score between 0 and 100 taking into account both the nature of the abuse
inflicted and the impact of abuse on each Abuse Claimant. The settlement funds will be
distributed based on the scores awarded by the Abuse Claims Reviewer.

11 The Committee believes that the process described in the Survivors' Trust Distribution
12 Plan is a fair and reasonable way to distribute the funds available for payment of Abuse Claims.
Under the Survivors' Trust Distribution Plan, Abuse Claimants may supplement their claims to
13 provide more information they believe the Abuse Claims Reviewer should consider. The
Survivors' Trust Distribution Plan also allows Abuse Claimants to appeal their award if they
14 believe the award is too low.

15 The Committee recognizes that each Abuse Claimants' trauma is unique and believes that
assessment by an independent evaluator provides a fair and efficient way to consider what
16 happened to each Abuse Claimant and the effects of the abuse on each Abuse Claimant. The
Committee recognizes that money alone is not sufficient to compensate Abuse Claimants for the
17 abuse they suffered and the decades of trauma each Abuse Claimants suffered because of the
abuse. The Committee also recognizes that excessive, onerous procedures for reviewing and
18 allocating payment for Abuse Claims would cause delay and expense that would cause Abuse
Claimants to wait longer to receive less money. For example, if evidentiary reviews (including
19 documents and witnesses) were required to assess each Abuse Claim, the Committee believes that
each review may take a minimum of 10-15 hours for a claims reviewer. In addition, Abuse
20 Claimants would have to spend time preparing documents, testimony, and expert reports. Rather
than force Abuse Claimants to wait longer for less money, the Committee believes the Survivors'
21 Trust Distribution Plan strikes the right balance of efficiency and fairness to Abuse Claimants.
22

23 Similar allocation processes have been used successfully in over 20 chapter 11 cases
24 involving other Roman Catholic dioceses and religious orders.

25 Notwithstanding the foregoing, Holders of Abuse Claims may elect to receive an
immediate payment of \$50,000.00 (the "**Immediate Payment**") in accordance with the
26 procedures set forth in the Committee Plan. If an Abuse Claimant elects to receive the Immediate
Payment, the payment will be made shortly after the Committee Plan becomes effective. That
27 date is indeterminate and may be meaningfully delayed as set forth in Article VI, Section 6.C.7.
28

1 After receiving the Immediate Payment, an Abuse Claimant is not entitled to any further
2 distributions from the Survivors' Trust and may not pursue any Abuse Claim against the Debtor,
3 the Reorganized Debtor, the Survivors' Trust, the Released Parties, the Insurers and RCWC (and
4 the RCWC Escrow).

5 For all other Abuse Claimants, the Survivors' Trustee will make an initial distribution of
6 \$5,000.00 to Abuse Claimants holding Allowed Abuse Claims. Subsequently, as soon as
7 practicable once all Abuse Claims have been scored under the Survivors' Trust Distribution Plan
8 and any requests for reconsideration have been addressed, the Abuse Claims Reviewer will make
9 distributions to Abuse Claimants proportionally based on the scores awarded by the Abuse Claims
10 Reviewer, subject to certain adjustments as explained in the Survivors' Trust Distribution Plan.

11 By way of illustration only, if there are ultimately 375 Allowed Abuse Claims and the
12 Survivors' Trust Assets total \$195.2 million, points awarded to an Abuse Claimant under the
13 Survivors' Trust Distribution Plan are translated into dollars under the Committee Plan as follows:

- 14 • There are 375 Abuse Claimants holding Allowed Abuse Claims with an average score
15 of 50 points per Abuse Claim;
- 16 • 50 points per claim multiplied by 375 Abuse Claims yields 18,750 total points;
- 17 • A total distributable amount of \$195.2 million is available, meaning each point would
18 be valued at \$10,411 (\$195.2 million divided by 18,750 points); and thus
- 19 • Allowed Abuse Claims assigned 25, 50 and 75 points would receive projected total
20 recoveries of \$260,275, \$520,550 and \$780,825 from the Survivors' Trust, respectively

21 If RCWC elects to contribute to the Committee Plan, the calculations would be increased
22 as follows:

- 23 • A total distributable amount of \$314.1 million is available, meaning each point would
24 be valued at \$16,752 (\$314.1 million divided by 18,750 points); and thus
- 25 • Allowed Abuse Claims assigned 25, 50 and 75 points would receive projected total
26 recoveries of \$418,800, \$837,600 and \$1,256,400 from the Survivors' Trust,
27 respectively.

28 In contrast, if there are ultimately 375 Allowed Abuse Claims and the Survivors' Trust
Assets total \$150 million as provided for by the Diocese Plan, points awarded to an Abuse
Claimant under the Survivors' Trust Distribution Plan are translated into dollars under the
Diocese Plan as follows:

- There are 375 claimants holding Allowed Abuse Claims with an average score of 50
points per claim;
- 50 points per claim multiplied by 375 claims yields 18,750 total points;

- A total distributable amount of \$150 million is available, meaning each point would be valued at \$8,000 (\$150 million divided by 18,750 points); and thus
- Allowed Abuse Claims assigned 25, 50 and 75 points would receive projected total recoveries of \$200,000, \$400,000 and \$600,000 from the Survivors' Trust, respectively

If RCWC elects to contribute to the Diocese Plan, the calculations would be increased as follows:

- A total distributable amount of \$180 million is available, meaning each point would be valued at \$9,600 (\$180 million divided by 18,750 points); and thus
- Trust Claims assigned 25, 50 and 75 points would receive projected total recoveries of \$240,000, \$480,000 and \$720,000 from the Survivor's Trust, respectively.

The difference in treatment of Abuse Claims under the Committee Plan and the Diocese Plan if RCWC elects not to contribute under either Plan is summarized in this chart:

Points	Committee Plan	Diocese Plan
25	\$260,275	\$200,000
50	\$520,550	\$400,000
75	\$780,825	\$600,000

The difference in treatment of Abuse Claims under the Committee Plan and the Diocese Plan if RCWC elects to contribute under both Plans is summarized in this chart:

Points	Committee Plan	Diocese Plan
25	\$418,800	\$240,000
50	\$837,600	\$480,000
75	\$1,256,400	\$720,000

(iii) Assignment of Insurance Claims to the Survivors' Trust

The Committee Plan establishes a framework for post-confirmation litigation for Abuse Claimants seeking recovery from Non-Settling Insurers through the Litigation Option. Under the Committee Plan, if settlements acceptable to the Committee cannot be reached with all Insurers before confirmation of the Committee Plan, then, under the Committee Plan, Abuse Claimants with claims within the Non-Settling Insurers' coverage periods may pursue claims insured by Non-Settling Insurers as Litigation Claimants as authorized by the Survivors' Trustee in accordance with the Survivors' Trust Documents. The Survivors' Trust would retain the right to pursue causes of action of the Diocese against the Non-Settling Insurers and to settle with the Non-Settling Insurers on a global basis.

No later than the first anniversary of the Effective Date (i) Trust Claimants holding Abuse Claims against the Debtor may elect to pursue litigation against the Debtor (as nominal party only), Non-Settling Insurers and/or other parties and (ii) Trust Claimants that have executed and delivered a written form release of RCWC for all conduct occurring on or before the Effective Date of the Committee Plan (the "**RCWC Release Agreement**") may elect to pursue litigation

1 against RCWC (as nominal party only), Non-Settling Insurers and/or other parties by filing the
2 Litigation Option Notice. Only those Trust Claimants who are authorized by the Survivors'
3 Trustee are permitted to move forward with a Litigation Claim against the Debtor, RCWC, Non-
Settling Insurer(s) and/or other parties.

4 If the Survivors' Trustee enters into an Insurance Settlement Agreement with respect to a
5 Target Policy that covers a Litigation Claimant's Abuse Claim, such Claimant is entitled to an
6 enhanced Distribution (the "**Claim Enhancement**") as set forth below to his or her allocation
7 under the Survivors' Trust Distribution Plan, which enhanced amount will be payable from the
8 proceeds of the applicable Insurance Settlement Agreement. To the extent the Debtor and the
9 Committee enter into an Insurance Settlement Agreement before the Confirmation Date with
10 respect to a Target Policy that covers an Abuse Claim for which the automatic stay has been
11 modified or lifted by the Bankruptcy Court such that it may continue after the Petition Date, such
12 Abuse Claim will also be entitled to the Claim Enhancement. The Claim Enhancements are
13 independent of one another and are not intended to be cumulative. The Survivors' Trustee will
14 reserve sufficient amounts to fund such enhanced payments before making any Distribution of
15 Insurance Settlement Agreement proceeds to Abuse Claimants who are not Litigation Claimants.

16 The Claim Enhancement will be applied as follows:

- 17 • A Litigation Claimant will be entitled to an enhancement of 10% if the Survivors' Trust
18 negotiates an Insurance Settlement Agreement for a Target Policy of such Litigation
19 Claimant if the Insurance Settlement Agreement is entered into prior to commencing
20 litigation in such Litigation Claimant's case.
- 21 • A Litigation Claimant will be entitled to an enhancement of 25% if the Survivors' Trust
22 negotiates an Insurance Settlement Agreement for a Target Policy of such Litigation
23 Claimant if the Insurance Settlement Agreement is entered into after litigation
24 commences but before a deposition or interview of the Litigation Claimant by opposing
25 counsel in such Litigation Claimant's case.
- 26 • A Litigation Claimant will be entitled to an enhancement of 40% if the Survivors' Trust
27 negotiates an Insurance Settlement Agreement for a Target Policy of such Litigation
28 Claimant if the Insurance Settlement Agreement is entered into after a deposition or
interview of the Litigation Claimant by opposing counsel but before commencement
of a trial in such Litigation Claimant's case.
- A Litigation Claimant will be entitled to an enhancement of 50% if the Survivors' Trust
negotiates an Insurance Settlement Agreement for a Target Policy of such Litigation
Claimant if the Insurance Settlement Agreement is entered into on or after the first day
of a trial in such Litigation Claimant's case.
- A Litigation Claimant will be entitled to an enhancement of one 100% if the Survivors'
Trust negotiates an Insurance Settlement Agreement for a Target Policy of such
Litigation Claimant if the Insurance Settlement Agreement is entered into after a
Litigation Claim Award entered in favor of the Litigation Claimant in such litigation
becomes final and non-appealable.

1 The Committee believes that the efforts of Litigation Claimants will materially enhance
2 the Survivors' Trust's ability to pursue an appropriate settlement with Non-Settling Insurers and,
3 therefore, enhancements for non-settling Litigation Claimants are appropriate under the
4 circumstances.

5 In no event may a Litigation Claimant receive more than the total amount of his or her
6 judgment from all sources. If, after accounting for recovery from parties other than the Survivors'
7 Trust, a Litigation Claimant receives any amount in excess of the amount of the Litigation Claim
8 Award, such amount will be recoverable by the Survivors' Trustee. In any case of a Trust
9 Claimant who obtains a Litigation Claim Award, where the payment of any amounts payable to
10 such Trust Claimant by (i) defendants in the Abuse Claim Litigation other than the Released
11 Parties and/or (ii) one or more Non-Settling Insurers, when taken together with any distributions
12 received by such Trust Claimant from the Survivors' Trust, would cause such Trust Claim to
13 receive more than the total amount of his or her Litigation Claim Award, then (a) all amounts to
14 be paid under such Litigation Claim Award that would be in excess of such Litigation Claim
15 Award will be paid to the Survivors' Trustee to be allocated for distribution to other Trust
16 Claimants on account of their *pro rata* share of Survivors' Trust Assets, or (b) if such amounts
17 are paid directly to the Litigation Claimant, such Litigation Claimant will immediately turn them
18 over to the Survivors' Trustee; *provided, however*, any such Abuse Claimant is not barred by
19 Section 9.9 of the Committee Plan from seeking extracontractual damages under the holding of
20 *Hand* (defined below) and (iii) all defenses and the rights of any Non-Settling Insurer to oppose
21 any such claim by an Abuse Claimant under *Hand* are fully preserved, including that *Hand* is not
22 a correct statement of applicable law and that it would not apply to any such asserted claim.

23 The Survivors' Trust will make distributions of Survivors' Trust Assets to all Abuse
24 Claimants without considering whether an Abuse Claim is or is not covered by an insurance
25 policy. The reasons for this include (a) many Abuse Claims are covered by more than one Insurer
26 and (b) the Settling Insurers are settling their liability with the Diocese as a whole and settlement
27 payments made by the Settling Insurers include an unallocated portion to settle unfiled Abuse
28 Claims and Abuse Claims the Diocese may assert for its own damages against each Insurer
(including reimbursement of attorneys' fees and expenses, as well as other damages).

29 **(iv) The Committee Plan's Enhanced Child Protection Protocols**

30 An integral part of the Committee Plan is the Child Protection Protocols. The Committee
31 is steadfast in its determination to make sure that the harm that befell Abuse Claimants does not
32 happen to the children within the Diocese's care now and in the future. To that end, the
33 Committee requires the Debtor to retain a Compliance Monitor for a default term of ten years,
34 with whether that term should be extended being submitted to an arbitrator if the Compliance
35 Monitor and the Bishop cannot agree. In contrast, the Diocese Plan only provides for a five-year
36 default term. In the Debtor's Child Protection Protocols, after the Compliance Monitor's term
37 ends, all powers, duties, and responsibilities of the Compliance Monitor revert to the Bishop. The
38 Committee vehemently opposes this proposal. Time has shown that the Diocese needs an
independent third-party to make certain the organization is doing everything within its power to
keep children safe, including conducting independent investigations to make certain children are
protected and the truth is never buried again. The Committee thus proposes that after the
Compliance Monitor's term ends certain duties and powers vested in the Compliance Monitor be

1 assigned to a Compliance Advisory Board. In all circumstances, accusations of sexual abuse by
2 Clergy and diocesan personnel will not become final until an arbitrator determines that an
3 Independent Professional Investigator has completed a fair, fulsome and non-prejudicial
4 investigation.

4 (v) **The Channeling Injunction**

5 The Committee Plan provides for a Channeling Injunction through which Abuse Claims
6 against the Debtor and certain other parties will be enjoined from being asserted against them, but
7 those claims may only be pursued against the Survivors' Trust. It is intended that the channeling
8 of the Channeled Claims will inure to the benefit of the Released Parties and the Settling Insurers.
9 The Committee Plan defines Channeled Claims to mean "any Abuse Claim against a Released
10 Party or any Settling Insurer arising from, in connection with, or related to an Abuse Claim, or
11 any of the Abuse Insurance Policies issued by any Settling Insurers, including Abuse Related
12 Contribution Claims, including (a) an Abuse Claim against any Person who personally committed
13 an act or acts of Abuse resulting in a Claim against the Debtor or any Non-Debtor Catholic Entity;
14 (b) any Claim (including any Abuse Claim) held by a Non-Settling Insurer against any Released
15 Party other than the Debtor or the Reorganized Debtor; or (c) any Claim for which a Released
16 Party is covered or allegedly covered by a Non-Settling Insurer Policy." The Channeling
17 Injunction does not bar claims against any Non-Settling Insurer except to the extent a Non-
18 Settling Insurer becomes a Settling Insurer.

13 **ARTICLE IV**

14 **COMMITTEE PLAN OVERVIEW**

15 **A. Summary of Committee Plan's Treatment of Claims**

16 The Committee Plan divides various creditors into classes. Individual claimants are
17 classified based on the nature of their claims. The following chart summarizes the classification
18 and proposed treatment of all claims and classes under the Committee Plan. Please refer to the
19 Committee Plan for a fuller description of the treatment of creditors.

20 Under the Committee Plan, the classes of claims against the Debtor will be as follows:

Class	Class Description	Status	Voting Rights
Class 1	RCC Secured Claim	Unimpaired	Non-voting Deemed to accept
Class 2	Priority Unsecured Claims, other than non-classified claims set forth in Article III	Unimpaired	Non-voting Deemed to accept
Class 3	General Unsecured Claims	Unimpaired	Non-voting Deemed to accept
Class 4	Abuse Claims	Impaired	Eligible to vote
Class 5	Unknown Abuse Claims	Impaired	Eligible to vote via the Unknown Abuse Claims Representative
Class 6	Non-Abuse Litigation Claims	Unimpaired	Non-voting Deemed to accept

Class	Class Description	Status	Voting Rights
Class 7A	Abuse Related Contribution Claims Related to Class 4 Claims	No recovery	Non-voting Deemed to reject
Class 7B	Abuse Related Contribution Claims Related to Class 5 Claims	No recovery	Non-voting Deemed to reject

The only class of creditors permitted to vote on the Committee Plan are Class 4 Abuse Claims and Class 5 Unknown Abuse Claims, through the vote of the Unknown Abuse Claims Representative. The Committee Plan seeks to satisfy the rights of Abuse Claimants in two ways. First, the Committee Plan ensures that the Debtor uses more of its assets to pay Abuse Claimants, including making certain the Debtor's insurance rights are pursued vigorously. Second, the Committee Plan sets forth nonmonetary provisions designed to assist Abuse Claimants in healing and ensure – to the maximum extent possible – that abuse does not continue.

B. Committee Plan's Treatment of Abuse Claims

To compensate Abuse Claimants, the Committee Plan establishes the Survivors' Trust which will be funded with Survivors' Trust Assets. The Survivors' Trustee will liquidate the Survivors' Trust Assets and distribute the proceeds to the Holders of Abuse Claims and Unknown Abuse Claims pursuant to the procedures contained the Survivors' Trust Distribution Plan. The Survivors' Trust will be created for the purpose of paying distributions to Holders of Allowed Class 4 and Class 5 Claims, the two Classes of Abuse Claims under the Committee Plan.

(i) Cash Contributions to the Committee Plan

The Survivors' Trust will be funded by:

- (i) the Debtor in the amount of \$195.2 million; and
- (ii) RCWC (provided it receives post-confirmation releases from Class 4 Claimants holding Claims against it) in the amount of \$118.9 million, for a total of **\$314.1 million**. See Committee Plan, Section 9.3.²

The Committee Plan provides for payments from the Debtor and RCWC (provided it receives releases from Class 4 Claimants holding Claims against it) over 3.5 years from the Original Plan Filing Date of March 6, 2026, to be paid as follows:

- **Effective Date:** A total of \$103.1 million, of which (i) \$33.1 million will be paid by the Debtor and (ii) \$70 million will be paid by RCWC (provided it receives post-confirmation releases from Class 4 Claimants holding claims against it).
- **Year 1:** A total of \$6 million, all of which will be paid by the Debtor.

² Distributions to Abuse Claimants may be subject to fee agreements between Holders of Abuse Claims and their legal counsel. The Committee has no information on any such agreements. Legal counsel to Holders of Abuse Claims must comply with Rules 1.5 and 1.5.1 of the California Rules of Professional Conduct and Cal. Bus. & Prof. Code § 6147 in connection with any fees charged to Holders of Abuse Claims.

- 1 • Year 2: A total of \$77.7 million, of which (i) \$28.9 million will be paid by the Debtor
2 and (ii) \$48.9 million will be paid by RCWC (provided it receives post-confirmation
3 releases from Class 4 Claimants holding claims against it).
- 4 • Year 3: A total of \$46.3 million, all of which will be paid by the Debtor.
- 5 • Year 3.5: A total of \$80.9 million, all of which will be paid by the Debtor.

6 On the Effective Date, the Survivors' Trust will segregate \$5 million into the Unknown
7 Abuse Claims Reserve for the benefit of Holders of Class 5 Claims. The Survivors' Trust will
8 increase the amount in the Unknown Abuse Claims Reserve by \$1.3 million within one year after
9 the Effective Date and by \$1.4 million within two years of the Effective Date, for a total of \$7.7
10 million.

11 The Committee Plan is not predicated on the Debtor selling any particular piece of real
12 property. Nor does the Committee Plan require a loan of any kind other than the postpetition loan
13 the Debtor has stated it will need to continue paying the administrative expenses of the Chapter
14 11 Case. Rather, the Committee Plan is predicated on the guidance from the United States
15 Supreme Court, which has recognized that “[a] debtor can win a discharge of its debts if it
16 proceeds with honesty and places virtually all its assets on the table for its creditors.” See
17 *Harrington v. Purdue Pharma L.P.*, 603 U.S. 204, 209 (2024). Putting aside the Debtor’s millions
18 of dollars in cash and investments, the Debtor owns over 250 pieces of real property.

19 In any event, the Debtor has conceded it can continue its mission even while selling:

- 20 • twelve vacant real estate parcels titled in the name of the Debtor which are not part of
21 a larger parcel containing a Church or ministry-related building;
- 22 • vacant portions of eighteen real estate parcels titled in the name of the Debtor which
23 the Debtor has determined may be liquidated while allowing the Debtor to continue
24 its mission;
- 25 • Debtor-owned portions of twelve real property locations on which Churches currently
26 operate either as primary or secondary locations;
- 27 • five residential homes owned by the Debtor and one residential home owned by
28 Adventus; and
- certain other real estate currently being used in support of the Debtor’s ministry.

Debtor’s Plan Summary, 7:16-23;8:1-4.

The Debtor has a myriad of other ways in which to fund the Debtor Contribution,
including executing on its prepetition plan to close 30 or so parishes, reducing its operating
reserves for a temporary period of time, using restricted assets for their intended purpose and, in
turn, allowing the Debtor to use more unrestricted assets to make the Debtor Contribution and/ or
borrowing from its Non-Debtor Catholic affiliates, financial institutions and/or the public
markets, as it has done before.

1 (ii) **The RCWC Escrow**

2 RCWC may, by written notice filed on the docket within seven days after the Voting
3 Deadline, elect to contribute the RCWC Contribution of \$118.9 million into an escrow account
4 managed by a third party (the "**RCWC Escrow**") on the Effective Date and thus, be entitled to
5 receive voluntary releases from Holders of Abuse Claims. RCWC will not receive a discharge,
6 release or benefit from any injunction under the Committee Plan and will only be entitled to
7 receive releases in accordance with the Committee Plan.

8 The Survivors' Trust may withdraw amounts from the RCWC Escrow in accordance with
9 the Survivors' Trust Documents and the escrow agreement between the Survivors' Trust, RCWC,
10 and the escrow agent. Those documents will provide that distributions from the RCWC Escrow
11 will only be made on account of Holders of Class 4 Claims whom the Abuse Claims Reviewer
12 determines asserted a compensable Claim against RCWC in the Holder's Proof of Claim. Such
13 withdrawals from the RCWC Escrow will not commence until after the Preliminary Abuse Claim
14 Allowance Deadline. The escrow agreement will provide the Survivors' Trust may withdraw
15 from the RCWC Escrow no more than the pro rata share of the RCWC Escrow balance designated
16 for each Holder of an Abuse Claim asserted against RCWC who has executed and returned to
17 RCWC a RCWC Release. The pro rata share of each Holder will be determined by the Survivors'
18 Trustee.

19 The RCWC Escrow construct is designed to allow RCWC to obtain consensual releases
20 from Abuse Claimants holding Claims against it while enhancing the recovery to all Abuse
21 Claimants. If any amount remains in the RCWC Escrow on account of an RCWC Claimant
22 holding an Allowed Claim against RCWC having failed to execute a RCWC Release Agreement
23 as of the three and a half-year anniversary of the Effective Date, the RCWC Escrow Agent will
24 return such amount, less expenses of the RCWC Escrow, to RCWC no later than five (5) business
25 days after the later of (i) the three and a half-year anniversary of the Effective Date or (ii)
26 distribution to the Survivors' Trust of all payments to Holders of Allowed Class 4 Claims who
27 executed and returned to RCWC an RCWC Release Agreement on or before the three and a half-
28 year anniversary of the Effective Date.

19 (iii) **The Committee Plan's Insurance Assignment**

20 The Committee Plan further contemplates an assignment to the Survivors' Trust of the
21 Debtor's rights and obligations under its insurance policies with Non-Settling Insurers. This
22 assignment will allow Abuse Claimants to ~~immediately~~ pursue additional recoveries against Non-
23 Settling Insurers through litigation in state court and the Survivors' Trust to continue litigating
24 the Coverage Action. At present, there are no Settling Insurers. LMI contend that because this
25 assignment is subject to the terms and conditions of the insurance policies, the assignment cannot
26 give Abuse Claimants any greater right to pursue additional recoveries against Non-Settling
27 Insurers. LMI also contend that any assignment that purports to grant the Abuse Claimants greater
28 rights to pursue additional recoveries would make the Committee Plan non-confirmable.

29 Although the Survivors' Trust will need to pay certain fees and expenses of litigation with
30 Non-Settling Insurers, the Committee believes the value of the Debtor's insurance assets is far
31 more valuable than the amount the Debtor has agreed to settle for. The Committee Plan is

1 designed to allow for a full and fair opportunity for Abuse Claimants to realize the value of those
2 assets, while preserving all of the Non-Settling Insurers' rights, claims and defenses against such
claims.

3 The Committee believes that the Committee Plan—~~unlike the Diocese Plan, which the~~
4 ~~Insurers support~~—is insurance neutral. The Committee's Survivors' Trust Distribution Plan has
5 no impact on post-confirmation litigation against the Non-Settling Insurers. Instead, it simply
6 sets forth how the monetary value of Survivors' Trust distributions will be determined by the
7 Abuse Claims Reviewer and the Survivors' Trustee solely for purposes of distributing Survivors'
8 Trust Assets. The distributions and Survivors' Trust Distribution Plan scoring have no impact on
9 the Non-Settling-Insurers' rights or obligations, which are determined solely under their policies
10 and applicable law. See Committee Plan § 8.3.1 (“With respect to Non-Settling Insurers, nothing
11 in the Plan, the Plan Documents, the Confirmation Order, or the Survivors' Trust Documents,
including any provision that purports to be preemptory or supervening, shall in any way operate
12 to, or have the effect of, impairing, altering, supplementing, changing, expanding, decreasing, or
13 modifying (i) the terms and conditions of an Abuse Insurance Policy, (ii) the rights and obligations
14 of the Debtor, its Estate or the Reorganized Debtor and any Non-Settling Insurers (and third-party
15 claims administrators) under the Abuse Insurance Policies, or (iii) the coverage or benefits
provided under the Abuse Insurance Policies.”).

16 LMI contend that the Committee Plan is internally inconsistent because: (1) section 13.1
17 of the Committee Plan does not state that it is not binding on insurers and does not limit the rights
18 of insurers; (2) third parties may be authorized under the Committee Plan to assert coverage
19 positions against insurers. LMI contend that the Committee Plan cannot be confirmed if it has
20 any binding effect on insurers or limits their rights in any way, or authorizes Abuse Claimants to
21 bring coverage claims that are not authorized under applicable state law.

22 Under the Committee Plan, if an insurer does not settle, all of the insurer's liability and
23 coverage defenses are preserved with respect to post-confirmation litigation:

24 Nothing in the Plan, the Plan Documents, the Confirmation Order,
25 or the Survivors' Trust Documents shall diminish or impair, or be
26 deemed to diminish or impair, the rights of any Non-Settling Insurer
27 to defend any Abuse Claim or to assert any claim, defense, right, or
28 counterclaim in connection with any Abuse Claim or Abuse
Insurance Policy in accordance with applicable law ...

Committee Plan § 8.3.2.

29 Stated otherwise, a Non-Settling Insurer may not be liable for an Abuse Claim post-
30 confirmation unless (i) a judgment is obtained in the underlying State Court Action against the
31 Debtor or other co-insured parties; and (ii) coverage is then established for that judgment through
32 an insurance coverage lawsuit. Non-Settling Insurers are entitled to both (i) defend the Debtor
33 and other co-insured parties against the underlying lawsuits; and (ii) contest coverage for those
34 lawsuits through separate litigation, subject to the terms of their policies and applicable law. For
35 these reasons, the Committee Plan is insurance neutral and any insurance-related objections
36 should be overruled.

1 **C. The Committee Plan’s Child Protection Protocols**

2 The Committee Plan further contemplates meaningful enhancements to the Debtor’s
3 existing protocols and practices for the protection of youth and vulnerable adults embodied in the
4 *Child Protection Protocols for the Roman Catholic Bishop of Oakland, California* attached to the
5 Committee Plan as Schedule 1.1.33. The meaningful distinctions between the Committee’s Child
6 Protection Protocols and the Debtor’s Child Protection Protocols are discussed in the Executive
7 Summary above.

8 **ARTICLE V**

9 **DIOCESE PLAN OVERVIEW**

10 **A. Summary of Diocese Plan’s Treatment of Claims**

11 The Diocese Plan, like the Committee Plan, divides various creditors into classes.
12 Individual claimants are classified based on the nature of their claims. The following chart
13 summarizes the classification and proposed treatment of all claims and classes under the Diocese
14 Plan.

Class	Class Description	Status	Voting Rights
Class 1	RCC Secured Claim	Impaired	Non-voting; deemed to accept
Class 2	Priority Unsecured Claims, other than non-classified claims set forth in Article III	Unimpaired	Non-voting; deemed to accept
Class 3	General Unsecured Claims	Impaired	Eligible to vote
Class 4	Abuse Claims	Impaired	Eligible to vote
Class 5	Unknown Abuse Claims	Impaired	Eligible to vote via the Unknown Abuse Claims Representative
Class 6	Non-Abuse Litigation Claims	Impaired	Eligible to vote
Class 7A	Abuse Related Contribution Claims Related to Class 4 Claims	No recovery	Non-voting; deemed to reject
Class 7B	Abuse Related Contribution Claims Related to Class 5 Claims	No recovery	Non-voting; deemed to reject

15 **B. Diocese Plan’s Treatment of Abuse Claims**

16 **(i) Cash Contributions to the Diocese Plan**

17 The Diocese Plan also establishes a Survivors’ Trust which will be funded with Survivors’
18 Trust Assets. The Survivors’ Trustee will liquidate the Survivors’ Trust Assets and distribute the
19 proceeds to the Holders of Abuse Claims and Unknown Abuse Claims pursuant to the procedures
20 contained the Debtor’s Survivors’ Trust Distribution Plan. The Survivors’ Trust will be created
21 under the Diocese Plan for the purpose of paying distributions to Holders of Class 4 and Class 5
22 Claims.

1 The Survivors' Trust will be funded with (a) \$150 million in cash contributed by the
2 Debtor over a 3.5-year period, (b) \$30 million in cash contributed by RCWC through an escrow
3 arrangement which will distribute funds to be made available to Abuse Claimants if those Abuse
4 Claimants asserting claims against RCWC grant RCWC post-confirmation releases and (c) the
5 proceeds of the settlements by and between the Debtor and the Settling Insurers, which settlement
6 amount is currently \$44.3 million. The Debtor will also contribute and assign to the Survivors'
7 Trust the rights and obligations of the Debtor in the Non-Settling Insurer Policies.

8 The Survivors' Trust or RCWC Escrow will receive the following contributions from the
9 Debtor or RCWC on the following schedule:

- 10 • Effective Date: A total of \$47.7 million, of which (i) \$40 million will be paid by the
11 Debtor and (ii) \$7.7 million will be paid by RCWC (provided it receives post-
12 confirmation releases from Class 4 Claimants holding claims against it).
- 13 • Year 1: A total of \$10.2 million, of which (i) \$7.2 million will be paid by the Debtor
14 and (ii) \$3 million will be paid by RCWC (provided it receives post-confirmation
15 releases from Class 4 Claimants holding claims against it).
- 16 • Year 2: A total of \$10.7 million, of which (i) \$4.7 million will be paid by the Debtor
17 and (ii) \$6 million will be paid by RCWC (provided it receives post-confirmation
18 releases from Class 4 Claimants holding claims against it).
- 19 • Year 3.5: A total of \$111.4 million, of which (i) \$98.1 million will be paid by the
20 Debtor and (ii) \$13.3 million will be paid by RCWC (provided it receives post-
21 confirmation releases from Class 4 Claimants holding claims against it).

22 The Debtor's contribution to the Survivors' Trust will be facilitated, in part, by an
23 additional \$40 million new-money loan from Debtor affiliate, the Roman Catholic Cemeteries of
24 the Diocese of Oakland, as part of a refinance of an anticipated \$55 million new money loan
25 provided to the Debtor after the Petition Date. Remaining amounts will come from the Debtor's
26 unrestricted cash and proceeds raised from future sales of real estate owned by the Debtor or
27 Adventus, one of the Non- Debtor Catholic Entities. RCWC's contribution will come from
28 unrestricted cash and proceeds raised from the future sale of real estate owned by RCWC. Should
RCWC make its full contribution, the contributions from the Debtor and RCWC to the Survivors'
Trust will be \$180 million in the aggregate.

On the Effective Date, the Survivors' Trust will segregate \$5 million into the Unknown
Abuse Claims Reserve for the benefit of Holders of Class 5 Claims.

The Committee believes the Debtor fails to use a large portion of its assets to satisfy Abuse
Claims. In an effort to satisfy the Bankruptcy Code's requirement that creditors receive at least
as much under the Diocese Plan than if the Debtor were hypothetically liquidated, the Debtor
continues to mistakenly insist that it need not include all of its assets because it cannot be forced
to sell its real estate. See Debtor's Plan Summary, 11;12-14 ("The sale of real property on which
a Church currently sits and operates, or which is used in its ministry, would not happen in a forced
liquidation under chapter 7 of the Bankruptcy Code."); see also *Disclosure Statement for Debtor's*

1 *Plan of Reorganization*, Ex. B, at 7, ¶ F, Dkt. No. 1445-2 (arguing that Debtor need not include
2 substantially all of its improved real estate in its liquidation analysis “[b]ecause the Debtors (sic)
3 cannot have their chapter 11 cases (sic) converted into chapter 7 cases involuntarily, the Debtors
(sic) also cannot be forced to close and sell Churches.”). The Debtor is mistaken.

4 **First**, in accordance with the civil law of California, judgments against religious
5 institutions are treated no differently than those against nonprofit and for-profit entities, and real
property may be attached to satisfy the claims of creditors.

6 **Second**, the First Amendment does not shield the Debtor’s assets, including its real estate
7 holdings, from consideration under the hypothetical liquidation test.

8 **Third**, Congress did not carve out certain assets, including properties of religious
9 organizations, from inclusion in section 1129(a)(7)’s best interests test.

10 After a thorough investigation, the Committee has concluded that the Diocese has, or has
11 access to, millions of dollars of assets that it is not using to compensate Abuse Claimants.
12 Moreover, while the Bankruptcy Court determined that substantive consolidation is not a viable
13 cause of action in the Chapter 11 Case—a decision the Committee is appealing—in the context
14 of determining whether the Diocese Plan is fair and equitable, the fact that the Bishop has touted
15 his ability to control his non-Debtor affiliates when he needed money in the past should not be
16 ignored. In fact, it is highly relevant. When the Debtor needed funds to complete the construction
of its Cathedral, the Bishop informed his prospective creditors that he could take any number of
actions within his Diocese to raise funds to repay debt, including directing non-Debtors to pay
the debt. Now, the Bishop takes an about-face, insisting he cannot and will not take any similar
action. Although, non-Debtor’s Adventus and Furrer are both contributing assets to the Diocese
Plan with no cognizable benefit, reinforcing the Committee’s position. For example:

- 17 • Under the Diocese Plan, the Diocese ignores the Bishop’s wide-ranging power to
18 control the operations and purse strings of the Non-Debtor Catholic Entities, and fails
19 to use those powers to contribute available assets to the Survivors’ Trust for the benefit
of Abuse Claimants.
- 20 • In Article IV.D of the Debtor’s Third Amended Disclosure Statement, the Diocese
21 asserts that all funds raised through the Bishop’s Ministries Appeal are “restricted to
22 fund the particular ministries and programs that the BMA was designed to support and
23 facilitate . . .” But when the Diocese was attempting to raise funds in the bond market,
the Bishop represented that all funds received from the “Bishop’s Appeal” were
unrestricted and available to pay “the budgeted expenses of the Diocese as well as any
amounts payable on debt of the Diocese, including the Bonds.”

24 The Diocese Plan provides for RCWC to pay \$30 million to the Survivors’ Trust
25 contingent on receiving the RCWC Releases. The Committee projects that there may be
26 approximately 120 Abuse Claims against RCWC, meaning it would be paying \$250,000 per
27 Abuse Claim. The Committee urges Abuse Claimants not to grant RCWC a release because its
28 proposed payment dramatically undervalues its liability. *First*, prior settlements of Abuse Claims
by the Diocese and RCWC averaged \$1.7 million per claim (adjusted for inflation). Even this per

1 claim amount does not reflect what an Abuse Claimant might receive if he or she were to litigate
2 their claim in California state court. *Second*, RCWC owns millions of dollars in assets, including
3 cash, investments, and unencumbered real estate. Thus, a contribution far greater than \$250,000
per Abuse Claimant is required before any Abuse Claimant grants RCWC a release.

4 **(ii) The Diocese Plan's Treatment of Insurance Claims**

5 Certain Settling Insurers have agreed to a settlement with the Debtor and will make a cash
6 contribution to the Survivors' Trust in the amount of \$44,347,868, to be paid on the Effective
7 Date of the Diocese Plan. These insurers are Continental Casualty Company, LMI (as defined in
8 the signature block thereof), Westport Insurance Corporation, f/k/a Employer Reinsurance
9 Corporation, American Home Assurance Co. and the California Insurance Guarantee Association.
The Debtor will also contribute any proceeds held by the Debtor or the Reorganized Debtor on
account of any additional Insurance Settlement Agreements finalized and effectuated before the
Effective Date, if any, and the Assigned Insurance Interests, all as explained in the Diocese Plan.

10 But the Diocese Plan undervalues the Debtor's insurance by settling with five Settling
11 Insurers and strips the Survivors' Trust's ability to pursue the Coverage Action for the benefit of
12 all Abuse Claimants. As a result, common legal questions applicable to many of the Abuse
13 Claims will need to be decided through a multiplicity of wasteful, individual coverage lawsuits,
rather than an efficient, omnibus coverage action.

14 As for the tentative settlements with five of the Debtor's insurers, the \$44.35 million
15 settlement amount greatly undervalues the exposure of those insurers. By way of example, the
16 first two cases released from the stay in the Archbishop of San Francisco's bankruptcy recently
17 settled for a combined \$10.3 million—which amount is being funded solely by the Archbishop's
18 insurers (many of whom are the same insurers in this case). Based on the Committee's analysis,
19 there are at least 325 Abuse Claims that allege abuse, in part, during a solvent Insurers' coverage
20 period. Using a placeholder of \$1 million per claim (which is significantly less than the average
of the first two San Francisco lift stay settlements) produces a total insurance exposure of \$325
million. Yet the Debtor has settled with five of its eight insurers for a fraction of that amount.
Thus, by tentatively settling with five of its eight insurers for an inadequate amount, the Debtor
has both (1) failed to appropriately monetize the policies of the five settling insurers and (2)
impaired the value of the insurance assignment by permitting further recovery solely against the
three remaining non-settling insurers.

21 The Diocese Plan allows Non-Settling Insurers to become Settling Insurers if they agree
22 to make a cash contribution to the Survivors' Trust. Settlement proceeds resulting therefrom to
23 be used to further supplement recoveries to Trust Claims. To the extent no settlement with a
24 particular Non-Settling Insurer is achieved, the Diocese Plan establishes a framework for post-
confirmation litigation for Trust Claimants seeking recovery from Non-Settling Insurers through
the Litigation Option.

25 **C. The Diocese Plan's Child Protection Protocols**

26 While the Diocese Plan also provides for certain child protection protocols, the Debtor's
27 proposal to retain a Compliance Monitor for a limited five-year term fundamentally
28 misunderstands the nature and scope of institutional reform. In addition, the Debtor's proposal

1 that investigatory authority revert to the Bishop once the Compliance Monitor’s term ends ignores
2 the fundamental structural conflict of interest that necessitated independent oversight in the first
instance.

3 **ARTICLE VI**

4 **CONFIRMATION REQUIREMENTS AND**
5 **RISK FACTORS OF THE COMMITTEE PLAN**

6 **A. General Confirmation Requirements**

7 The Bankruptcy Code requires that, in order to confirm the Committee Plan, the
8 Bankruptcy Court must make a series of findings on the Committee Plan and the Committee,
including that: (i) the Committee Plan classifies Claims in a permissible manner; (ii) the
9 Committee Plan complies with applicable provisions of the Bankruptcy Code; (iii) the Committee
has complied with applicable provisions of the Bankruptcy Code; (iv) the Committee propose the
10 Committee Plan in good faith and not by any means forbidden by law; (v) the disclosures required
by section 1125 of the Bankruptcy Code have been made; (vi) the Committee Plan has been
11 accepted by the requisite votes of Creditors (except to the extent that cramdown is available under
section 1129(b) of the Bankruptcy Code); (vii) the Committee Plan is feasible and confirmation
12 is unlikely to be followed by the liquidation or the need for further financial reorganization of the
Debtor; (viii) the Committee Plan is in the “best interests” of all holders of Claims in an Impaired
13 Class by providing to such holders on account of their Claims property of a value, as of the
Effective Date, that is not less than the amount that such holder would receive or retain in a chapter
14 7 liquidation, unless each holder of a Claim in such Class has accepted or otherwise consented to
the Committee Plan; and (ix) all U.S. Trustee Fees and expenses payable under 28 U.S.C. § 1930,
15 as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the
Committee Plan provides for the payment of such fees on the Effective Date.

17 **B. Best Interests Test**

18 Confirmation of a plan of reorganization requires that each holder of a claim in an
impaired class must either: (i) accept the plan or (ii) receive or retain under the plan property of
19 a value, as of the effective date, that is not less than the value such holder would receive or retain
if the debtor was liquidated under Chapter 7 of the Bankruptcy Code. The Debtor takes the
20 position that it is exempt from meeting this standard; the Committee disagrees. If the standard
does apply, the Debtor argues that only certain of its assets need to be considered as part of the
21 test. Again, the Committee disagrees. The Committee urges all Abuse Claimants to vote for the
Committee Plan and to simultaneously vote to reject the Diocese Plan. The Committee anticipates
22 that all Abuse Claimants will accept or otherwise consent to the Committee Plan and reject the
Diocese Plan. Thus, even if the Court disagrees with the Committee’s legal arguments with
23 respect to whether the Debtor is required to meet the hypothetical liquidation test, the Committee
Plan can proceed to confirmation while the Diocese Plan must overcome this legal hurdle.

24 **C. Financial Feasibility**

25 In order to confirm a plan, the Bankruptcy Code requires that a Bankruptcy Court find
26 that confirmation of the plan is unlikely to be followed by liquidation or the need to further
27

1 financially reorganize the Debtor (the “**Feasibility Test**”). For a plan to meet this test, the
2 Bankruptcy Court must determine there is a reasonable likelihood that the reorganized debtor will
3 possess the working capital and other resources necessary to meet its obligations under the plan.
4 Based upon the financial projections attached as **Exhibit C**³ and the assumptions set forth therein,
5 the Committee believes that the Reorganized Debtor will be able to timely make all distributions
6 required by the Committee Plan and to fund its operations going forward and, therefore, that
7 confirmation of the Committee Plan is unlikely to be followed by liquidation or the need for
8 further reorganization.

9 The Debtor has a myriad of ways in which to fund the Debtor Contribution, including, but
10 not limited to, selling the real property it has committed to sell under the Diocese Plan, executing
11 on its prepetition plan to close 30 or so parishes, reducing its operating reserves for a temporary
12 period of time, using restricted assets for their intended purpose and, in turn, allowing the Debtor
13 to use more unrestricted assets to make the Debtor Contribution and/ or borrowing from its Non-
14 Debtor Catholic affiliates, financial institutions and/or the public markets, as it has done before.

15 The Committee Plan also anticipates that the Bankruptcy Court will rule that at least 90%
16 of the assets the Debtor alleges are restricted are unrestricted in the adversary proceeding
17 captioned *The Official Committee of Unsecured Creditors of the Roman Catholic Bishop of*
18 *Oakland v. The Roman Catholic Bishop of Oakland and The Oakland Parochial Fund, Inc.* (Adv.
19 Pro. 24-04051 WJL) (the “**Restricted Asset Litigation**”). Through the Restricted Asset
20 Litigation, the Committee seeks a declaratory judgment that more than \$33.3 million held by the
21 Debtor and its Churches are not held in trust and/ or are donor restricted such that those funds can
22 be used to satisfy creditor claims. While the Committee is optimistic it will prevail in the
23 Restricted Asset Litigation, litigation is inherently uncertain and thus the Bankruptcy Court may
24 hold that some or all of the \$33.3 million in question is unavailable to pay creditor claims. Even
25 if that is the case, the Committee has concluded that the Debtor can timely make all of the
26 payments under the Committee Plan.

27 **D. Certain Risk Factors**

28 ALL HOLDERS OF IMPAIRED CLAIMS SHOULD READ AND CAREFULLY
CONSIDER THE RISK FACTORS SET FORTH BELOW AS WELL AS THE OTHER
INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND SCHEDULES
AND EXHIBITS) PRIOR TO DETERMINING WHETHER AND HOW TO VOTE ON THE
COMMITTEE PLAN. IF ANY OF THE FOLLOWING RISKS ACTUALLY OCCURS, THE
COMMITTEE PLAN MAY NOT BE CONFIRMED BY THE BANKRUPTCY COURT AND/
OR CREDITOR RECOVERIES COULD BE LOWER THAN OTHERWISE DESCRIBED
HEREIN. THE RISKS AND UNCERTAINTIES BELOW ARE NOT EXHAUSTIVE, BUT
REPRESENT THE RISKS THAT THE COMMITTEE BELIEVES ARE MATERIAL. THERE

³ The Committee has not filed financial projections with this Disclosure Statement because the Debtor has not filed its financial projections in support of the Diocese Plan. After the Debtor does so, the Committee will promptly file its projections which will be based on the Debtor’s projections as modified to incorporate assumptions underlying the Committee Plan.

1 MAY BE ADDITIONAL RISKS THAT THE COMMITTEE CURRENTLY CONSIDERS NOT
2 TO BE MATERIAL OR WHICH THE COMMITTEE IS CURRENTLY UNAWARE.

3 **1. Failure to Satisfy Vote Requirement**

4 If the Committee obtains the requisite votes to accept the Committee Plan in accordance
5 with the requirements of the Bankruptcy Code, the Committee intends, as promptly as practicable
6 thereafter, to seek confirmation of the Committee Plan. In the event that sufficient votes are not
7 received to confirm the Committee Plan, the Committee may be forced to pursue an alternative
8 Committee Plan or the Committee may seek a dismissal of the case.

9 **2. The Committee's Assumptions and Estimates May Prove Incorrect**

10 The Committee has relied on many of the Debtor's assumptions on the aggregate number
11 and amount of non-Abuse Claims in each Class, the projected expenses incurred to date or to be
12 incurred in connection with the confirmation of the Diocese Plan and Committee Plan and the
13 Debtor's representations that it will procure a post-petition loan to finance the payment of its
14 administrative expenses. There can be no guarantee, however, that the Committee's assumptions
15 and estimates regarding these amounts will prove to be accurate. In addition, the Committee has
16 not yet commenced discovery in connection with the Diocese Plan. The information the
17 Committee learns through discovery may impact the Committee's projections and certain other
18 assumptions made herein.

19 The Committee believes that the Debtor has more than sufficient assets at its disposal to
20 timely and fully make the Debtor Contribution. There can be no guarantee, however, that the
21 Committee's assumptions and estimates regarding the Debtor's ability to timely pay the Debtor
22 Contribution will prove to be accurate.

23 **3. Risk of Non-Confirmation**

24 Even if all impaired classes accept or could be deemed to have accepted the Committee
25 Plan, the Committee Plan might not be confirmed by the Bankruptcy Court. Section 1129 of the
26 Bankruptcy Code lists requirements for confirmation, including (a) that the confirmation of the
27 Committee Plan not be followed by the need for a further liquidation or reorganization; (b) that
28 the value of distributions to dissenting holders not be less than the value of distributions to such
holders if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code and (c) that the
Committee Plan and the Committee otherwise comply with applicable provisions of the
Bankruptcy Code. Although the Committee believes the Committee Plan will meet all applicable
tests, there is no assurance that the Bankruptcy Court will reach the same conclusion.

**4. The Debtor and Certain Non-Debtor Catholic Entities Will Raise
Objections to Confirmation**

The Debtor and certain Non-Debtor Catholic Entities will object to confirmation of the
Committee Plan. The Debtor and certain Non-Debtor Catholic Entities do not support the
Committee Plan and contest many of the legal positions taken by the Committee and/or factual
statements made herein. Although the Committee does not believe there will be any merit to such
objections or assertions, if any, because the Committee Plan complies with federal and state law,

1 ultimately, the Bankruptcy Court will decide any contested legal or factual issues, and there is no
2 guarantee that those issues will be decided in the Committee’s favor. Confirmation is not assured
3 in light of the Debtor’s and certain Non-Debtor Catholic Entities’ opposition, however strongly
4 the Committee believes the Committee Plan can and should be confirmed.

5 **5. Non-Settling Insurers Will Raise Objections to Confirmation**

6 Non-Settling Insurers will likely object to confirmation of the Committee Plan by
7 asserting that the Committee Plan impermissibly alters their contractual rights, duties and
8 obligations under their Insurance Policies. Although the Committee does not believe there is any
9 merit to such objections or assertions—because the Committee Plan does not alter the rights,
10 claims and defenses of the Non-Settling Insurers and otherwise complies with federal and state
11 law—if the Non-Settling Insurers prevail on such contentions, the Bankruptcy Court might find
12 that the Committee Plan is not proposed in good faith, is not feasible or otherwise not confirmable.
13 Non-Settling Insurers will also oppose the Insurance Assignment.

14 The Insurance Assignment effected by the Committee Plan provides Trust Claimants who
15 choose the Litigation Option (“**Litigation Claimants**”) with the opportunity to liquidate their
16 claims against the Debtor (as a nominal party) by way of a judgment in the tort system and then
17 seek to recover the amount of their judgment under any applicable insurance policies of the
18 Debtor. The ability of Litigation Claimants to monetize their judgment through recovery from
19 Non-Settling Insurers on account of the Assigned Insurance Interests is a fundamental aspect of
20 the Committee Plan that the Committee believes has value for such Claimants in the form of
21 contractual rights (i.e., the potential insurance coverage for the judgement under the insurance
22 policies) and potential extracontractual rights (i.e., through a potential future cause of action for
23 bad faith against the Non-Settling Insurers). The Debtor believes that it holds no existing bad
24 faith cause of action against any of its Insurers. Thus, the Debtor contends that no such cause of
25 action (as opposed to insurance rights) can or will be assigned under the Committee Plan.
26 However, the intent of the Committee Plan is to assign all of Debtor’s rights under its insurance
27 – including any potential future bad faith claims.

28 The Committee contends that Litigation Claimants may be able to assert potential direct
bad faith claims against any of Debtor’s insurers should an insurer fail in good faith to pay a
covered judgment after the Effective Date based on the decision in *Hand v. Farmers Ins. Exch.*,
23 Cal. App. 4th 1847 (1994) (“**Hand**”). Section 5.14 of the Committee Plan reserves the rights
of Litigation Claimants to assert such bad faith claims directly based on potential future actions
by the Insurers after the Effective Date based on the *Hand* decision.

The Insurers contest whether any bad faith claims could be successfully asserted by
Litigation Claimants, whether directly or through assignment from the Debtor. The Insurers
assert, *inter alia*, that the Debtor will not be negatively affected by any post Effective Date future
Insurer actions and therefore will not have a bad faith cause of action against the Insurers capable
of assignment post Effective Date. The Insurers further contest whether *Hand* is a correct
statement of California law such that Litigation Claimants may hold a direct bad faith cause of
action against any Insurers. They also assert that supposed future bad faith claims based on things
that have not yet happened are speculative. If the Insurers’ contentions in this regard are upheld
by a court in future litigation, Litigation Claimants that obtain a covered judgment against the

1 Debtor in name only could recover money from the Non-Settling Insurers under any applicable
2 insurance policy up to the limits of those policies, but would be unable to recover any
3 extracontractual damages (i.e., damages in addition to the insurance coverage provided under the
4 insurance policies) based on any future acts or omissions by the Non-Settling Insurers. The
5 Committee believes the Insurers' position is not an accurate statement of the law, and certain
6 conduct by Insurers that allegedly violate obligations to act in good faith would survive
7 confirmation of the Committee Plan, such as the obligation to pay a covered judgment, and that
8 an Insurer's violation of that obligation could give rise to a direct bad faith cause of action on the
9 part of Litigation Claimants.

10 As recognized by the Bankruptcy Court in its *Memorandum Concerning Certain Issues*
11 *Raise During January 21, 2025 Hearing on Approval of Disclosure Statement* [Dkt No. 1673],
12 the outcome of the dispute related to potential, future bad faith claims is not merely uncertain, it
13 is unlikely to be determinable at confirmation, and likely cannot be determined until such time (if
14 ever) that an Insurer is alleged to have acted in bad faith, which may occur, if at all, years after
15 the occurrence of the Effective Date in this case.

16 **6. Post-Confirmation Litigation with Non-Settling Insurers May Not Result**
17 **in Additional Recovery**

18 The Committee Plan provides for the assignment to the Survivors' Trust of Assigned
19 Insurance Interests against Non-Settling Insurers. The Non-Settling Insurers are likely to assert
20 factual and legal defenses to both their coverage obligations and to the underlying liability of the
21 Debtor and/ or RCWC. Litigation of such issues against Non-Settling Insurers through the
22 Litigation Option could be protracted and expensive, with certain fees and expenses being paid
23 out of the funds contributed by the Debtor to the Survivors' Trust. In addition, there is no
24 guarantee that the Survivors' Trust will prevail in enforcing any of the Assigned Insurance
25 Interests it receives under the Committee Plan against Non-Settling Insurers. In the event the
26 Non-Settling Insurers successfully defend against their coverage obligations and/or to the
27 underlying liability of the Debtor and/ or RCWC, the Debtor Contribution, the RCWC
28 Contribution, if it elects to make such contribution, and any settlement payments from Settling
Insurers would be the sole source of recovery for Abuse Claims and those contributions would be
reduced by the fees and expenses of litigation with the Non-Settling Insurers.

7. Risk of Delay or Non-Occurrence of the Effective Date

If the Committee Plan is approved by the Bankruptcy Court, the Committee expects the
Debtor and/or the Non-Settling Insurers to appeal the Confirmation Order. In such case, the
Effective Date of the Committee Plan will be delayed and if the Debtor and/ or the Non-Settling
Insurers prevail on their appeal, the Effective Date will not occur.

LMI contend that the Committee Plan cannot be confirmed because it: (i) seeks findings concerning potential bad faith claims against insurers that the Bankruptcy Court has no jurisdiction to make;⁴ (ii) requests that the Bankruptcy Court enter a final order—without any

⁴ Committee Plan, § 4.4.4.

1 Constitutional authority—regarding the insurance policies of LMI;⁵ (iii) improperly appoints the
2 Survivors’ Trustee in violation of Bankruptcy Code Section 1123(b)(3)(B);⁶ (iv) improperly
3 delegates a judicial function (allowance and disallowance of claims) to a nonjudicial officer, the
4 Survivors’ Trustee;⁷ and (v) improperly limits parties in interests from objecting to claims in
5 violation of *Truck Ins. Exchange v. Kaiser Gypsum*, 602 U.S. 268 (2024).⁸ LMI contend that if
6 the Bankruptcy Court confirms (*j.e.* approves) the Committee Plan, the Committee Plan will be
7 reversed on appeal. The Committee disputes these contentions by LMI.

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8 **8. *Uncertainty of Value***

9 The value of Abuse Claimants’ distributions from the Survivors’ Trust will depend, in
10 part, on the risks outlined above and to the extent those risks materialize. In addition, the
11 resolution of appeals, causes of action held by the Survivors’ Trust and the reconciliation,
12 liquidation and allowance of Abuse Claims may require considerable time, during which time
13 interest will not accrue on allowed claims in the subject classes. These delays could affect or
14 reduce the ultimate value of any recovery. The ultimate realized value of insurance assets may
15 be different than the values assigned to such policies.

16 **9. *Certain Federal Income Tax Considerations***

17 THE INCOME TAX LAWS APPLICABLE TO RECEIVING A DISTRIBUTION OR
18 DEDUCTING A LOSS FROM A BANKRUPT ESTATE ARE COMPLEX. THE SUMMARY
19 DESCRIPTION OF TAX CONSEQUENCES BELOW IS FOR GENERAL INFORMATIONAL
20 PURPOSES ONLY AND IS SUBJECT TO SIGNIFICANT UNCERTAINTIES.

21 THE COMMITTEE HAS NOT REQUESTED A RULING FROM THE INTERNAL
22 REVENUE SERVICE NOR HAS THE COMMITTEE OBTAINED AN OPINION OF
23 COUNSEL WITH RESPECT TO THESE MATTERS. THUS, NO ASSURANCE CAN BE
24 GIVEN AS TO THE TAX CONSEQUENCES OF THE COMMITTEE PLAN.

25 THE DISCUSSION CONTAINED IN THIS DISCLOSURE STATEMENT AS TO
26 FEDERAL TAX CONSIDERATIONS IS NOT INTENDED OR WRITTEN TO BE USED,
27 AND CANNOT BE USED, FOR AVOIDING PENALTIES.

28 NO REPRESENTATIONS ARE MADE REGARDING THE PARTICULAR TAX
CONSEQUENCES OF THE COMMITTEE PLAN TO ANY HOLDER OF A CLAIM OR ANY
OTHER ENTITY OR PERSON. EACH HOLDER OF A CLAIM SHOULD CONSULT ITS
TAX PROFESSIONAL TO UNDERSTAND FULLY THE FEDERAL, STATE AND LOCAL
AND FOREIGN TAX CONSEQUENCES OF THE COMMITTEE PLAN.

The following summary is a general discussion of certain of the potential Federal income
tax consequences of the Committee Plan. The summary is based on relevant provisions of the

⁵ *Id.* at § 9.6.1.

⁶ *Id.* at § 9.2.

⁷ *Id.* at § 1.1.14.

⁸ *Id.* at §§ 1.1.39, 5.2.2.

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1 Internal Revenue Code of 1986, as amended (the "Tax Code"), the applicable Treasury
2 Regulations promulgated thereunder (the "Treasury Regulations"), judicial authority, published
3 rulings, and such other authorities considered relevant now in effect, all of which are subject to
4 change.

5 The Federal income tax consequences to any creditor may be affected by matters not
6 discussed below. Nor does the summary address all categories of creditors, some of which may
7 be subject to special rules not addressed herein. There also may be state, local, or foreign tax
8 considerations applicable to each creditor or the Debtor.

9 **(i) Tax Consequences to Creditors**

10 A creditor that receives cash in satisfaction of its claim will generally recognize a gain or
11 loss in an amount equal to the difference between (i) the amount of cash received by such creditor
12 in respect of its claim (excluding any cash received in respect of a claim for accrued interest) and
13 (ii) the creditor's tax basis in its claim.

14 The character of any gain or loss recognized as long-term or short-term capital gain or
15 loss or as ordinary income or loss will be determined by a number of factors, including, among
16 other things, the tax status of the creditor, whether the claim constitutes a capital asset in the hands
17 of the creditor, whether the claim has been held for more than one year, and whether and to what
18 extent the creditor has claimed a bad debt deduction (or charged a reserve for bad debts) with
19 respect to the claim.

20 The Committee anticipates that distributions to Class 4 and 5 Claimants will, in all
21 instances, constitute payment for damages on account of personal physical injuries or sickness
22 arising from an occurrence, within the meaning of Section 104(a)(2) of the Tax Code. The
23 Committee has not, however, fully analyzed such tax issues and cannot (and does not hereby)
24 make an assurances or representations regarding the anticipated tax treatment of Class 4 and 5
25 Claims.

26 MANY FACTORS WILL DETERMINE THE TAX CONSEQUENCE TO EACH
27 HOLDER OF AN UNSECURED CLAIM. FURTHERMORE, THE TAX CONSEQUENCES
28 OF THE COMMITTEE PLAN ARE COMPLEX, AND IN SOME CASES, UNCERTAIN. IT
IS THUS IMPORTANT THAT EACH HOLDER OF AN UNSECURED CLAIM OBTAIN HIS,
HER, OR ITS OWN PROFESSIONAL TAX ADVICE REGARDING THE TAX
CONSEQUENCES TO SUCH HOLDER OF AN UNSECURED CLAIM AS A RESULT OF
THE COMMITTEE PLAN.

(ii) Tax Consequences to the Debtor

The Debtor is a non-profit, non-stock member corporation having tax-exempt status under
26 U.S.C. § 501(c)(3). Due to the Debtor's status as a non-profit corporation, the Committee does
not expect that the Committee Plan will result in any significant federal income tax consequences
to the Debtor.

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3. Chapter 7 Liquidation is Not a Viable Alternative

Pursuant to 11 U.S.C. § 1112(c), if a debtor is “not a moneyed corporation,” a debtor’s Chapter 11 case cannot be converted to a Chapter 7 case without the debtor’s consent. The Diocese, as a non-for-profit entity, is not a moneyed corporation, and may not be forced to convert its Chapter 11 Case to a Chapter 7 case. Thus, conversion to Chapter 7 is not a viable alternative to the Committee Plan.

Dated: March 27, 2026

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