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*Counsel for the Debtor
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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION**

In re:

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

Debtor.

Case No. 23-40523 WJL

Chapter 11

**DECLARATION OF ATTILA BARDOS IN
SUPPORT OF DEBTOR'S FOURTH
MOTION FOR ORDER EXTENDING
EXCLUSIVE PERIODS FOR THE DEBTOR
TO FILE AND SOLICIT ACCEPTANCE OF
A CHAPTER 11 PLAN**

Judge: Hon. William J. Lafferty

Date: August 21, 2024
Time: 10:30 a.m.
Place: United States Bankruptcy Court
1300 Clay Street
Courtroom 220
Oakland, CA 94612

1 I, Attila Bardos, hereby declare as follows:

2 1. I am the chief financial officer of the Roman Catholic Bishop of Oakland (“the Debtor”).
3 I make this declaration in support of the *Debtor’s Fourth Motion for Order Extending Exclusive Periods*
4 *For The Debtor To File and Solicit Acceptance of a Chapter 11 Plan*, filed concurrently herewith (the
5 “Motion”).¹

6 2. I am familiar with the Debtor’s day-to-day operations, financial affairs, and books and
7 records. Except as otherwise noted, all facts set forth in this Declaration are based upon my personal
8 knowledge. If called upon to testify, I could and would testify competently to the facts set forth herein.

9 3. Since the last extension of exclusivity in April 2024, the Debtor’s focus in this Chapter 11
10 Case has been on the two tracks of mediation and the Insurance Coverage Litigation.

11 4. The insurance policies providing coverage for sexual abuse claims, maintained by the
12 Debtor over a period of several decades, are an essential asset of the estate. This coverage will be a critical
13 part of any plan of reorganization. Any proceeds the Debtor wins in a judgment in this Insurance Coverage
14 Litigation, or obtains through a negotiated resolution, will infuse the estate with unrestricted cash assets,
15 which can be used to, among other things, contribute to unsecured creditor recoveries.

16 5. On May 29, 2024, the Debtor sent separate supplemental tender letters to the Insurer
17 defendants in the Insurance Coverage Litigation, demanding they provide a defense for certain additional
18 claims covered by various policies issued to RCBO. Additionally, on May 30, 2024, the Debtor served
19 separate policy limits demand letters on behalf of RCBO to all the Insurer defendants (except the
20 California Insurance Guarantee Association). These letters demanded that each Insurer indemnify RCBO
21 in the amount of the policy limits for each applicable insurance policy, and that each Insurer respond
22 within 30 days confirming it would do so. The Debtor has received responses, although none included
23 agreement to indemnify the Debtor as requested and as required by the insurance policies.

24 6. The Debtor and the Committee have continued to engage constructively with each other
25 regarding the exchange of information and production of documents. It is my understanding that counsel
26 for the Debtor, the Debtor’s financial consultants Alvarez & Marsal North America, LLC and VeraCruz
27

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

1 Advisory, LLC, counsel for the Committee, and the Committee's financial consultant Berkeley Research
2 Group have had continuous discussions regarding document production by the Debtor in response to the
3 Committee's diligence efforts and extensive information requests.

4 7. The Debtor's production of documents to the Committee has been ongoing, in response to
5 more than 180 specific requests. The Debtor has prioritized requests that the Committee professionals
6 have identified as most important for furtherance of mediation. The Debtor also helped facilitate the
7 Committee's informal discovery requests to certain non-debtor Catholic entities within the Diocese. The
8 Committee has indicated it needs time to value the Debtors' assets including real estate.

9 8. It is my understanding that counsel for the Debtor has also worked with counsel for the
10 Insurers, as well as special insurance counsel for the Committee, for the purpose of moving the Chapter
11 11 Case forward in a constructive direction with regard to insurance coverage for sexual abuse claims.

12 9. It is also my understanding that the Debtor has now produced to every Insurer documents
13 related to abuse claims that were previously produced to the Committee. Likewise, it is my understanding
14 that the Debtor has provided the proofs of claim to every Insurer that has complied with the relevant
15 confidentiality provisions of the Bar Date Order.

16 10. The Debtor's objective in this Chapter 11 Case is to achieve confirmation of a plan of
17 reorganization that will (a) ensure a fair and equitable outcome for survivors of sexual abuse, and (b) allow
18 the Debtor to stabilize its finances, continue its mission to serve the needs of the faithful within the Diocese
19 of Oakland, and continue to provide services to underserved people and groups in the East Bay. As set
20 forth in the Motion, the Debtor believes it has made substantial progress toward achieving all of these
21 goals, although mediation remains ongoing and more time is needed.

22 11. The Committee and the Debtor have each met individually with mediators Judge Sontchi
23 and Jeff Krivis, have exchanged initial proposals, and have participated in the first round of joint mediation
24 on March 18 and 19, 2024. Additional mediation sessions were held on multiple dates in April, May, and
25 June, and I understand that counsel for the Debtor and Committee held weekly virtual one-hour meetings
26 throughout July.

1 12. The Debtor is committed to the mediation process and is optimistic about its outcome.
2 However, there are many complex and difficult issues to work through, and the parties need more time.
3 Further mediation sessions with the Committee are scheduled for August, September and October 2024.
4 Although the Debtor cannot disclose specifics, the Debtor believes that progress is being made, although
5 there is still a great deal of work remaining in order to file a plan with this Court.

6 13. The Debtor commenced mediation with the Insurers in June 2024. It is my understanding
7 that Debtor's counsel met independently with mediators Judge Newsome and Tim Gallagher in March to
8 prepare for the mediation related to the Insurance Coverage Litigation. The first mediation session with
9 both the Committee and Insurers was held in-person on June 18. All Insurers were represented at that
10 mediation session. The parties expressed their respective positions and expectations and established a
11 preliminary schedule for written submissions to the mediators. The Debtor and Insurers have since
12 submitted additional information and mediation statements to the insurance mediators and anticipate that
13 further mediation sessions will be set.

14 14. The Debtor provides central services to the Churches serving the 82 parishes and missions
15 of the Diocese of Oakland and, also, to the Non-Debtor Catholic Entities (as defined in the First Day
16 Declaration). The Debtor must adhere to Canon Law in addition to its civil law obligations, a
17 consideration secular, corporate debtors do not have. Finally, the Debtor's mission is unique in its focus:
18 celebration of the sacraments, provision of pastoral services, performance of works of mercy, and outreach
19 to and support of the faithful and the poor within the Diocese. These ministries are the Debtor's
20 foundation. The Debtor requires additional time to evaluate the impact of potential plan options on these
21 elements of its mission.

22 15. Since the Petition Date, the Debtor has paid its employees, vendors, utilities providers, the
23 U.S. Trustee, and other post-petition expenses in the ordinary course of business or as otherwise provided
24 by Court order. The Debtor has paid the administrative expenses for professional fees in the Chapter 11
25 Case pursuant to the interim compensation procedures order, and the orders approving two rounds of
26 interim fee applications. The Debtor has sufficient financial resources to continue to pay its bills as they
27 come due and will continue to do so.

