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*Counsel for Century Indemnity Company and
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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re: :
: **Chapter 11**
:
HOPEMAN BROTHERS, INC., : **Case No. 24-32428 (KLP)**
:
Debtor. :
:
:
:
:

**CHUBB INSURERS’ MOTION TO COMPEL CLAIMANTS’ ATTORNEYS TO MAKE
MANDATORY RULE 2019 DISCLOSURES**

Century Indemnity Company, as successor to CCI Insurance Company, as successor to Insurance Company of North America (“Century”) and Westchester Fire Insurance Company (on its own behalf and for policies issued by or novated to Westchester Fire Insurance Company) (“Westchester Fire”) (Century and Westchester Fire together, the “Chubb Insurers”), parties in interest, hereby move the Court for entry of an order (i) compelling all law firms that represent multiple claimants in this bankruptcy case to file the disclosures required by Bankruptcy Rule 2019 within ten days after entry of the Court’s order and (ii) barring non-compliant law firms from negotiating or settling on behalf of claimants, holding invalid any authority, acceptance, rejection,



or objection given, procured, or received by the law firm, and issuing other relief as authorized by Rule 2019(e).¹

Compliance with Rule 2019 is mandatory, and its requirements are self-effectuating. Yet not a single claimants' law firm has complied with its legal obligations under the Rule. That failure to comply with Rule 2019 leaves the Court and interested parties without essential information.

As of June 2024, Hopeman faced approximately 2,700 asbestos-related claims.² Many of those claimants are represented by the same counsel.³ For hundreds of other claimants, no counsel of record is listed.⁴ And for all of those law firms that represent multiple (sometimes hundreds) of claimants, the Court and all interested parties lack the full information required by Rule 2019 – *e.g.*, the specific “economic interest” of each firm, the instrument authorizing each firm to act on behalf the creditors, and more.

That Rule 2019 is mandatory is sufficient by itself to justify grant of this motion and entry of an order providing the relief requested. But the transparency promoted by Rule 2019 is also essential. Where claimants with different interests are represented by a single law firm involved in negotiating the terms of a plan for their different claimant clients to vote on, the possibility of conflicts is obvious. That is particularly true given the likely fee arrangements between claimants and counsel which would give the lawyers a direct economic stake in the outcome of this bankruptcy case. Likewise, any litigation funding arrangements pursued by claimants' lawyers

¹ The Chubb Insurers respectfully request that the Court regard the facts, arguments, and citations set forth herein as a written memorandum of facts, reasons, and authorities that has been combined with the relief requested herein, as permitted by Local Bankruptcy Rule 9013-1(F)(1).

² Bankr. Dkt. No. 8, Declaration of Christopher Lascell in Support of Chapter 11 Petition and First Day Pleadings of Hopeman Brothers, Inc. (“Lascell Decl.”) at ¶ 28.

³ Bankr. Dkt. No. 59, Global Notes, Methodology, and Specific Disclosures Regarding the Debtor's Schedules of Assets and Liabilities and Statements of Financial Affairs, at Schedule E/F, Part 2 (listing “Claimants Holding Asbestos-Related Claims”).

⁴ *Id.*

could alter their incentives and give rise to conflicts. Rule 2019 exists for exactly a case like this one and mandates the disclosures required therein.

JURISDICTION AND VENUE

This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

Venue in this Court is proper pursuant to 28 U.S.C. § 1408. The predicate for the relief requested herein is Bankruptcy Rule 2019.

RELEVANT BACKGROUND

The United States Trustee appointed five creditors to serve on the Committee of Unsecured Creditors (the “Committee”).⁵ The law firms for those creditors include the Peter Angelos Law Firm, Simmons Hanly Conroy, Stephen J. Austin, LLC, Maune Raichle Hartley French & Mudd, LLC, and Dean Omar Branham Shirley, LLP.⁶ Each of these law firms also represents non-Committee member claimants, and some of the firms represent dozens of claimants. Many other firms also represent multiple claimants, including Ashcraft & Gerel, Baron & Budd, Bodie Dolina Hobbs Fridell, Brayton Purcell LLP, Law Office of Clifford Cuniff, Law Offices of Paul A. Weykamp, Lomax Law Firm, Patten, Wornom, Hatten & Diamondstein, LC, Stephen L. Shackelford, PLLC, Venable LLP, and many others.⁷ Not a single one of these firms has filed the required Rule 2019 disclosures.

⁵ Bankr. Dkt. No. 69, Appointment of Unsecured Creditors Committee.

⁶ *Id.*

⁷ Bankr. Dkt. No. 59, Global Notes, Methodology, and Specific Disclosures Regarding the Debtor’s Schedules of Assets and Liabilities and Statements of Financial Affairs, at Schedule E/F, Part 2 (listing “Claimants Holding Asbestos-Related Claims”).

ARGUMENT

Chubb Insurers seek an order from this Court mandating compliance with Rule 2019. Chubb Insurers unquestionably have standing to seek this relief. *See, e.g., Baron & Budd, P.C. v. Unsecured Asbestos Claimants Comm.*, 321 B.R. 147, 160 (D.N.J. 2005) (“the information sought in the Rule 2019 disclosures, does indeed bear on the overall fairness of this Plan, it is clear that Insurers have standing to raise these Rule 2019 compliance issues”); *see also Truck Ins. Exchange v. Kaiser Gypsum Co., Inc.*, 602 U.S. 268 (2024) (insurers are parties in interest with standing in Chapter 11 cases involving their policies). The Rule is self-effectuating and requires disclosure in the interest of transparency.

A. Rule 2019 Requires Broad Disclosures, Including Disclosure of Any Economic Interests Affected By A Claim’s Disposition.

Rule 2019 “is the Bankruptcy Code’s mechanism for keeping tabs on multiple representation of creditors.” *See* Nancy B. Rapoport, *Turning and Turning in the Widening Gyre: The Problem of Potential Conflicts of Interest in Bankruptcy*, 26 Conn. L. Rev. 913, 939-40 (1994). In the mass tort context, Rule 2019 operates “to root out conflicts of interest.” *Baron & Budd P.C.*, 321 B.R. at 168. Bankruptcy Rule 2019(b)(1) states:

In a chapter 9 or 11 case, a verified statement containing the information listed in (c) ***must be filed*** by every group or committee consisting of or representing--and ***every entity representing--multiple creditors*** or equity security holders that are (A) acting in concert to advance their common interests, and (B) not composed entirely of affiliates or insiders of one another.

Fed. R. Bankr. P. 2019(b)(1) (2024) (emphasis added). Rule 2019(c) dictates that the verified statement “shall” include:

- (1) the pertinent facts and circumstances concerning:
 - (A) with respect to a group or committee, ... the formation of the group or committee, including the name of each entity at whose

instance the group or committee was formed or for whom the group or committee has agreed to act; or

(B) with respect to an entity, the employment of the entity, including the name of each creditor or equity security holder at whose instance the employment was arranged;

(2) if not disclosed under (1), for each member of a group or committee and for an entity:

(A) name and address;

(B) ***the nature and amount of each disclosable economic interest held in relation to the debtor*** when the group or committee was formed or the entity was employed; ...

(3) if not disclosed under (1) or (2), for each creditor or equity security holder represented by an entity, group, or committee...:

(A) name and address; and

(B) the nature and amount of each disclosable economic interest held in relation to the debtor on the statement's date; and

(4) ***a copy of the instrument authorizing the group, committee, or entity to act on behalf of creditors*** or equity security holders.

Fed. R. Bankr. P. 2019(c) (2024) (emphasis added).

Rule 2019 is clear, unambiguous, and mandatory. “[T]here is no basis for failure to apply it as written.” *In re Northwest Airlines Corp.*, 363 B.R. 701, 704 (Bankr. S.D.N.Y. 2007). Its purpose is to hold lawyers involved in Chapter 11 bankruptcies “to certain ethical standards and approach all reorganization related matters openly and subject to the scrutiny of the court.” *Baron & Budd P.C.*, 321 B.R. at 165 (citations omitted).

Rule 2019 “applies to a group of creditors or equity security holders that act in concert to advance common interests ... even if the group does not call itself a committee.” Fed. R. Bankr. P. 2019, Committee Notes on Rules—2011 Amendment. Law firms that file proofs of claim on behalf of multiple claimants are subject to Rule 2019 and must file a verified statement complying with the Rule. *See Baron & Budd, P.C.*, 321 B.R. at 168 (law firms representing multiple tort

creditors must comply with Rule 2019); *In re Wash. Mut., Inc.*, 419 B.R. 271, 275 (Bankr. D. Del. 2009) (ad hoc committee representing “multiple creditors holding similar claims” must make Rule 2019 disclosures); *In re N. Bay Gen. Hosp., Inc.*, 404 B.R. 443, 452 (Bankr. S.D. Tex. 2009) (“Any entity seeking to represent more than one creditor in a chapter 11 case must file an application that conforms with” Rule 2019); *In re CF Holding Corp.*, 145 B.R. 124, 126 (Bankr. D. Conn. 1992) (an attorney representing multiple creditors must file a copy of the document empowering the attorney to act on the creditors’ behalf).

As the *Collier* treatise explains:

The need in Chapter 9 and 11 for policing creditor groups and those who act on their behalf is greater than under other relief chapters. [Rule 2019] is part of the disclosure scheme of the Bankruptcy Code and is designed to foster the goal of reorganization plans which deal fairly with creditors and which are arrived at openly.

Baron & Budd, P.C., 321 B.R. at 165 (quoting 9 COLLIER ON BANKRUPTCY ¶ 2019.01). The Rule is meant “to further the Bankruptcy Code’s goal of complete disclosure during the business reorganization process” and “was designed to cover entities which, during the bankruptcy case, act in a fiduciary capacity to those they represent, but are not otherwise subject to control of the court.” *In re CF Holdings*, 145 B.R. at 126 (citing 8 COLLIER ON BANKRUPTCY ¶ 2019.03 at 2019-4 (15th ed. 1992)).

Consistent with this purpose, the requirements of the Rule are defined broadly. Thus, “disclosable economic interest” means “any claim, interest, pledge, lien, option, participation, derivative instrument, or any other right or derivative right granting the holder an economic interest that is affected by the value, acquisition, or disposition of a claim or interest.” Fed. R. Bankr. P. 2019(a)(1) (2024). The term is “intended to be sufficiently broad to cover any economic interest that could affect the legal and strategic positions a stakeholder takes in a chapter 9 or chapter 11 case.” Fed. R. Bankr. P. 2019, Committee Notes on Rules—2011 Amendment. Similarly,

questions of professional responsibility related to fee arrangements “qualify as pertinent facts and circumstances in connection with the employment of counsel, because they may have a direct bearing on both good faith and the fairness of the plan’s classification system.” *Baron & Budd, P.C.*, 321 B.R. at 165 (internal quotation marks omitted); *see also In re Okla. P.A.C. First Ltd. P’ship*, 122 B.R. 387, 393 (Bankr. D. Ariz. 1990) (Rule 2019 was designed for courts to “play a role in ensuring that lawyers adhere to certain ethical standards”). The Rule requires an entity like a law firm “file an instrument which empowers the entity to act on behalf of the creditors,” including “an executed power of attorney authorizing counsel to file a proof of claim in this case.” *In re Ionosphere Clubs, Inc.*, 101 B.R. 844, 852 (Bankr. S.D.N.Y. 1989).

B. Rule 2019 Disclosures Are Required to Address Potential Conflicts of Interest and Ensure All Parties Are Fully Informed When a Law Firm Represents Multiple Creditors in a Chapter 11 Bankruptcy.

Compliance with Rule 2019 in this bankruptcy case is imperative because of the need for transparency and to avoid conflicts. Over fifty law firms represent multiple claimants.⁸ The individual claims undoubtedly vary in terms of settlement value, due to, *inter alia*, the severity of the injury, or the degree of evidentiary support, or available insurance coverage. Depending on how a settlement trust is structured and funded, and how awards are allocated, claimants may effectively compete with one another for compensation. The interests of such claimants would appear to be in direct conflict, yet they may be represented by the same counsel.

In addition to these inter-claimant conflicts, the claimants’ law firms have their own interests in how compensation is allocated, depending on their fee arrangements, which raise the potential of conflicts with some or all of their clients. This reality is the reason behind Rule 2019’s

⁸ Bankr. Dkt. No. 59, Global Notes, Methodology, and Specific Disclosures Regarding the Debtor’s Schedules of Assets and Liabilities and Statements of Financial Affairs, at Schedule E/F, Part 2 (listing “Claimants Holding Asbestos-Related Claims”).

requirement that law firms' economic stakes, which in this case are likely significant, be disclosed. Assuming all or most of the firms representing claimants in this case are working on contingency, the lawyers potentially could claim the right to be paid millions of dollars in fees. As the bankruptcy judge noted while granting a Rule 2019 motion in *In re The Archdiocese of Saint Paul & Minneapolis*, law firms can have "a bigger economic interest" than anyone else in the case. *In re The Archdiocese of Saint Paul & Minneapolis*, No. 15-30125, Dkt. No. 987, Hr'g Tr. 36:8-12 (Bankr. D. Minn. Feb. 23, 2017) (attached as Exhibit A).

Similarly, the law firms should be required to disclose financial arrangements that reflect the economic interests of other parties, including litigation funding arrangements. *See In re The Diocese of Rochester*, No. 19-20905, Hr'g Tr. 9:15-17 (Bankr. W.D.N.Y. Apr. 19, 2023) (requiring, under Rule 2019, that claimant law firms disclose "financial arrangements including, but not limited to, litigation financing") (attached as Exhibit B). As other bankruptcy courts in mass tort cases have found, without this type of disclosure, the transparency called for by Rule 2019 is undermined because the true and complete "economic interest[s]" of the law firms (and their financiers) would remain hidden from view. *See id.* at 13:5-7 ("to the extent there are problematic arrangements out there, if any, that needs to be disclosed under 2019.").

Finally, the instruments authorizing the law firms to act on behalf of their clients must be disclosed. Nothing has been disclosed demonstrating these firms' authorization, nor is there any indication as to how each law firm verified the facts of each individual claim, or even if any verification took place. Rule 2019(c)(4) expressly calls for disclosure of this information.

C. This Case Presents the Very Situation Rule 2019 Is Designed to Address.

Any law firm representing multiple claimants should have already filed its Rule 2019 disclosure voluntarily. Those firms have a group of clients acting in concert through them even

though, as outlined above, there are potentially significant inter-claimant conflicts and competing financial motivations. The disclosure required by Rule 2019 is necessary to make sure there is transparency on those issues.

The current status of this bankruptcy case makes these conflicts even starker. As the Court knows, the Committee has coopted Hopeman into pursuing an approach (the ill-fated § 524(g) plan) that would only exacerbate inter-claimant compensation competition and conflicts. As set out in the Settlement Term Sheet for § 524(g) Plan of Hopeman Brothers, Inc. (the “Plan Term Sheet”), all Asbestos Personal Injury Claims will be channeled to a Trust on the effective date (should that occur), which will “assume and succeed to all liability” for those claims.⁹ The “sole and exclusive source of payment or recovery from the Trust,” however, shall be from the “Asbestos Insurance Assets applicable to” such claim, unless the claim “is an Uninsured Asbestos Claim” – *i.e.*, a claim for which no coverage is available under any Asbestos Insurance Policy.¹⁰ This means that holders of Uninsured Asbestos Claims will receive pro-rata recoveries from the Trust assets, while holders of Asbestos Personal Injury Claims covered by an Asbestos Insurance Policy will receive “payment in full of any judgment obtained against the Reorganized Debtor or any settlement entered into” from the applicable insurer(s).¹¹

Because Debtor’s estate is administratively insolvent by at least \$6.6 million and deepens by the day, and Debtor has no operating business to generate any revenue, those significant administrative expenses must be paid from the proceeds of the Certain Insurers’ Settlement, once it is consummated. Yet, the Committee has coopted Debtor into pursuing a § 524(g) plan that will waste millions more of that limited \$18.5 million in funding because it requires (i) the appointment

⁹ Bankr. Dkt. No. 609, Ex. B, ¶ C.2.(a).

¹⁰ *Id.*, ¶ E.5, ¶ G.19.

¹¹ *Id.*, ¶ E.5.

of a Future Claimants' Representative ("FCR") who will retain professionals that also will need to be paid, and (ii) a hotly-contested confirmation hearing based on the agreed plan terms that significantly impair the Chubb Insurers' and other insurers' rights.

Thus, what little remains of the Certain Insurers' Settlement proceeds – currently less than \$12 million – will be the sole source of potential payment to holders of Uninsured Asbestos Claims if the § 524(g) plan is confirmed. Based on the § 524(g) requirement that “the trust will value, and be in a financial position to pay, present claims and future demands that involve similar claims in substantially the same manner,”¹² that amount will be further diminished because a significant portion must be set aside and preserved for future claimants.

The § 524(g) claim resolution mechanism that Debtor and the Committee are proposing thus creates a significant divide among current Asbestos Personal Injury Claimants. And there are necessarily conflicting interests between current Asbestos Personal Injury claimants and future claimants who must share in the limited available funds from the Trust. That many of these “future” claimants would likely be represented by the same law firms as current claimants underscores the need for disclosure under Rule 2019. Indeed, given the competing motivations and conflicting interests, “this is exactly the situation” for which Rule 2019 is designed. *In re The Archdiocese of Saint Paul & Minneapolis*, Case No. 15-30125, Dkt. No. 987, Hr'g Tr. 48:13 – 15.

D. The Rule 2019 Disclosures Are Critical To Ensuring Compliance With Virginia Ethical Rules Applicable to Interdependent, Aggregate Settlements

The Virginia Rules of Professional Conduct relating to the negotiation of aggregate settlements on behalf of multiple clients supports the need for Rule 2019 disclosures here. Rule 1.8(g) of the Virginia Rules of Professional Conduct states that a lawyer who represents two or

¹² 11 U.S.C. § 524(g)(2)(B)(ii)(V).

more clients “shall not participate in making an aggregate settlement of the claims of or against the clients...unless each client consents after consultation, including disclosure of the existence and nature of all the claims...involved and of the participation of each person in the settlement.”

Va. R. Prof'l Conduct 1.8(g).

The rationale for this rule stems from the conflict that is presented when a group settlement can be achieved by compromising one client's claim for a lesser amount than would have been possible had that client's claim been settled separately. In that situation, the Virginia State Bar has recognized (as have all or most other state bars) that the client who may be making a sacrifice must know of and specifically consent to it. This rule specifically applies to attorneys representing multiple claimants in bankruptcy matters. *See Virginia Legal Ethics Opinion 478* (Sept. 20, 1982) (finding that it is not improper to represent “several creditors against a single debtor” provided there is “full disclosure to each creditor” and “all creditors consent to the multiple representation and concur as to the distribution of any funds collected should the amount be inadequate to pay fully each creditor's claim”) (attached as Exhibit C).

RELIEF REQUESTED

This Court should order claimants' counsel representing multiple claimants to comply with all of the requirements of Rule 2019 within ten days after entry of the Court's order, including by disclosing the following information:

- (i) a verified statement listing all of the counsel's clients in this case, describing the pertinent facts and circumstances of the retentions, and attaching the engagement letters between counsel and each of the clients;
- (ii) disclosure of the fee arrangements between the lawyer and clients and any other pertinent facts or circumstances regarding “the nature and amount of each disclosable economic interest held” by each law firm in relation to the debtor;
- (iii) information about fee-sharing, co-counsel, retainer, referral, or other arrangements;

- (iv) attaching, for each claimant, a copy of the instrument authorizing the law firm to act on behalf of the client; and
- (v) disclosing financial arrangements, including without limitation litigation financing agreements.

This information is consistent with the Rule 2019 disclosures required and made in other mass tort cases and should be provided here.

Consistent with Rule 2019(e), which outlines the relief that a bankruptcy court may grant if an attorney fails to comply with its disclosure requirements, if the Court finds such a failure to comply by any counsel in this matter, the Court should:

- (a) refuse to permit the law firm to be heard or to intervene in the case, including but not limited to barring them from participating in negotiations and settlements on behalf of their claimant clients;
- (b) hold invalid any authority, acceptance, rejection, or objection given, procured, or received by the law firm; and
- (c) grant other appropriate relief.

CONCLUSION

For the reasons set forth above, the Chubb Insurers respectfully request that this Court enter an order compelling all law firms that represent multiple claimants in this case to file their required Rule 2019 disclosures within ten days after entry of the Court's order, including all of the information in paragraphs (i) – (v) of the Relief Requested above and, if a law firm does not comply, applying Rule 2019(e) by refusing to permit the law firm from being heard in the case, including barring the firm from participating in negotiating or settling on behalf of claimants, holding invalid any authority, acceptance, rejection or objection by the firm, and granting such other and further relief as is just and proper.

Dated: April 15, 2025

Respectfully submitted,

/s/ Dabney J. Carr

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*Counsel for Century Indemnity Company and
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on April 15, 2025, a true and correct copy of the foregoing Chubb Insurers' Motion to Compel Claimants' Attorneys to Make Mandatory Rule 2019 Disclosures was served upon all parties receiving electronic notice through the Court's ECF notification system.

/s/ Dabney J. Carr

Dabney J. Carr

EXHIBIT A

1 UNITED STATES BANKRUPTCY COURT
2 DISTRICT OF MINNESOTA
3 -----

4 In Re:
5 The Archdiocese of Saint Paul and Minneapolis,
6 File No. 15-30125
7 -----

8 BEFORE THE HONORABLE
9 ROBERT J. KRESSEL
10 United States Bankruptcy Judge

11 * * *

12 TRANSCRIPT OF PROCEEDINGS
13 February 23, 2017

14 * * *

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16
17 Proceedings recorded by digitally recording,
18 transcript prepared by Court Reporting service.

19
20
21 NEIL K. JOHNSON REPORTING AGENCY
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23 322 Minnesota Street
24 Saint Paul, Minnesota 55101

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APPEARANCES

2

3

MR. BENJAMIN E. GURSTELLE, and

4

MR. CHARLES B. ROGERS, Attorneys at Law,

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Suite 2200, 80 South Eighth Street,

6

Minneapolis, Minnesota 55402 appeared

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on behalf of Debtor.

8

9

MR. ROBERT T. KUGLER, Attorney

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at Law, Suite 2300, 150 South Fifth

11

Street, Minneapolis, Minnesota 55402,

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appeared on behalf of Unsecured

13

Creditors Committee.

14

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16

MS. ELIN M. LINDSTROM, Attorney

17

at Law, Suite 100, 366 Jackson Street,

18

Saint Paul, Minnesota 55101, appeared on

19

behalf of Creditors.

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22

MR. DENNIS D. O'BRIEN, Attorney

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at Law, Suite 400, 401 Second Avenue

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North, Minneapolis, Minnesota 55401,

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appeared on behalf of Creditors.

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1 APPEARANCES (Cont'd)

2

3

MS. MARY JO JENSEN CARTER,

4

Attorney at Law, 1257 Gun Club Road,

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White Bear Lake, Minnesota 55110,

6

appeared on behalf of Certain Parishes.

7

8

9

MR. JOSHUA WEINBERG, Attorney at

10

Law, Suite 600, 1875 K Street NW,

11

Washington, DC 20006, appeared via

12

telephone on behalf of Hartford

13

Insurance.

14

15

16

MR. JEFF D. KAHANE, Attorney at

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Law, Suite 3100, 865 Figueroa Street,

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Los Angeles, California 90017, appeared

19

via telephone on behalf of London Market.

20

21

22

MR. JAMES A. LODOEN, Attorney at

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Law, Suite 4200, 80 South Eighth Street,

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Minneapolis, Minnesota 55402 appeared on

25

behalf of Our Lady of Grace.

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APPEARANCES (Cont'd)

MS. CONNIE A. LAHN, Attorney at
Law, Suite 2800, 225 South Sixth Street,
Minneapolis, Minnesota 55402, appeared on
behalf of Catholic Mutual Relief Society.

MR. MARK J. KALLA, Attorney at
Law, Suite 2500, 120 South Sixth Street,
Minneapolis, Minnesota 55402, appeared on
behalf of St. Dominic and certain other
parishes.

MS. PAMELA J. TILLMAN, Attorney
at Law, 19th Floor, 111 East Kilbourn
Avenue, Milwaukee, Wisconsin 53202
appeared via telephone on behalf of
TIG Insurance.

1 REPORTER'S DISCLAIMER

2

3 The proceedings contained herein were
4 transcribed via stenographic means from the official
5 court audio file.

6

7 There was no court reporter present in
8 order to capture the proceedings live and obtain
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12 contained herein are taken from the official court
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18 as "UNINTELLIGIBLE" are proceedings where the audio
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24 most accurate transcript possible considering the
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1 P R O C E E D I N G S

2

3 THE COURT: Why is everybody
4 sitting down there? Are we actually choosing
5 up teams? Is that what we're doing?

6 There are a couple motions this
7 morning in the case of the Archdiocese of
8 Saint Paul and Minneapolis.

9 I guess I'm going to keep with my
10 custom of rather than have you pop up and
11 give appearances, going down my list, will
12 the attorneys for the Debtor?

13

14 (Counsel present noted their appearance)

15

16 THE COURT: Good morning.

17 Creditors committee?

18

19 (Counsel present noted their appearance)

20

21 THE COURT: Personal injury

22 creditors.

23

24 (Counsel present noted their appearance)

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1

2

THE COURT: Parish committee?

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Parish group.

4

5

(Counsel present noted their appearance)

6

7

THE COURT: Okay. Is anyone

8

appearing here or on the phone for Hartford

9

insurance?

10

MR. WEINBERG: Good morning,

11

Your Honor.

12

Joshua Weinberg on behalf of

13

Hartford.

14

THE COURT: And London Market

15

Insurers?

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MR. KAHANE: Good morning, Your

17

Honor.

18

Jeff Kahane on behalf of London

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Market Insurers.

20

THE COURT: Thank you.

21

Is there someone appearing for the

22

Catholic Finance Corp, Church of St. Thomas

23

Becket?

24

Mr. Iannacone?

25

Anybody appearing for Our Lady of

1 Grace?

2 Okay. Catholic Mutual Relief

3 Society, anybody appearing for them?

4

5 (Counsel present noted their appearance)

6

7 THE COURT: The old St.

8 Margaret's and others?

9 I've got another page here.

10 Catholic Services Appeal?

11 Archdiocese Medical Benefits Plan? North

12 American Banking? Saint Charles Borromeo?

13 Saint Patrick? Saint Dominic and Saint

14 Stevens? De LaSalle?

15 Travelers? Anybody appearing for

16 Travelers this morning?

17 Or for TIG Insurance?

18 MS. TILLMAN: On the phone,

19 Pamela Tillman on behalf of TIG.

20 THE COURT: How about Liberty

21 Mutual? Anybody appearing for Liberty

22 Mutual?

23 Anybody I've missed. Anybody

24 appearing on behalf of somebody who isn't on

25 my list?

1 Okay. Let's take up first the motion
2 by the Debtor dealing with the solicitation
3 procedures and the ballot.

4 MR. GURSTELLE: Good morning,
5 Your Honor. Ben Gurstelle on behalf of the
6 Debtor.

7 We brought this motion in an effort
8 to try to kick start the solicitation
9 process.

10 A good deal of the proposed order
11 that we attached to the motion was
12 negotiated with the UCC and run by the clerk
13 of court prior to filing the motion.

14 We filed the motion after
15 negotiations on some of the remaining issues
16 kind of stalled out.

17 We have made actually since filing
18 the motion a couple more changes to the
19 proposed order after further discussions
20 with the UCC.

21 Those changes are --

22 Do you have the other copy of the
23 order?

24 Paragraph seven of the order, we have
25 deleted the first sentence which said,

1 counsel for holders of class six claims will
2 converse separately with each client
3 regarding --

4 THE COURT: I'm sorry. You're
5 really mumbling and talking very fast.

6 MR. GURSTELLE: We have deleted
7 the first sentence which says, counsel for
8 holders of class six claims will confer
9 separately with each client regarding the
10 plans and the client's ballot.

11 We have deleted that. We don't think
12 it's necessary because we believe that it's
13 an obligation of counsel to do anyway.

14 Then also in Paragraph 7 we have
15 changed the power of attorney being executed
16 by a lawyer to being executed by any
17 individual with capacity to execute and be a
18 power of attorney.

19 So with those changes, we believe the
20 order is agreeable to the UCC with two
21 exceptions: Those are in paragraph two the
22 30-day timeline to get the solicitation
23 packages up -- deadline rather, to get the
24 solicitation packages out the door.

25 The UCC wants it to be a 20-day

1 deadline.

2 We plan, the Archdiocese plans, to do
3 this process as quickly as possible.

4 We want to get the solicitation
5 packages out the door very, very quickly so
6 our motivation and intention is to get these
7 out within 20 days, and hopefully even
8 sooner, but there are certain aspects of the
9 process that we do not control entirely.

10 We just don't want to set ourselves
11 up for failure in the event that the
12 packages get out the door on day 21 rather
13 than day 20.

14 As the Court knows, this is -- the
15 solicitation package is going to include
16 both the Debtor's plan and the Committee's
17 plan and so we just don't want to set
18 ourselves up so that all plan proponents are
19 in violation of the court order so that's
20 why we have the 20 day -- or 30 day rather
21 outside deadline rather than 20 days.

22 One of the issues that we foresee as
23 being an issue that may require us to take
24 more time to do it is that we haven't
25 ordered the flash drives that we plan to put

1 the plan that's in the disclosure statements
2 on yet because we haven't gotten an order
3 from the Court to do it.

4 I know that at the last hearing you
5 indicated that a flash drive would be a good
6 idea, but this is a very large purchase. We
7 have to buy in bulk several hundred flash
8 drives and it's going to cost approximately
9 \$5,000 to get these flash drives and we just
10 didn't want to make the purchase until we
11 had a court order okaying it. We have been
12 on shifting sand in this case before.

13 And also we have as a provision in
14 the order that we're authorized to serve the
15 disclosure statement and plans on counsel
16 for the tort claimants just one flash drive
17 and then that would be distributed by
18 counsel for tort claimants to their
19 respective clients.

20 If we had to do an individual flash
21 drive for each claimant that would up our
22 order significantly by several hundred
23 drives and so we haven't placed the order
24 until we have clearance from the Court in a
25 court order.

1 We're going to do that order
2 immediately upon entry, the order for the
3 drives immediately upon entry of an order by
4 this Court and we've taken -- we've already
5 gotten votes and we have an express delivery
6 with the drives being preloaded with the
7 documents that should take approximately ten
8 days, is what the vendor says, although, you
9 know, we don't control that and I don't want
10 to be caught in a situation where we're
11 rushing and we miss something because we
12 have a 20-day deadline and we haven't gotten
13 the drives yet.

14 The second issue, probably the more
15 pressing issue as expressed by the
16 committee, is the inclusion of a convenience
17 claim election on the ballot.

18 We think that is the only remaining
19 issue with the ballot, is whether that
20 convenience claim is in there.

21 We acknowledge that Your Honor wants
22 the ballot to be simple and that the
23 inclusion of this option adds something
24 extra to the ballot, but we believe the
25 inclusion of the convenience option makes

1 sense, is efficient and is important for how
2 this case goes forward.

3 So why do we think it's necessary?

4 First we want people to know that
5 this option for a \$10,000 payment pretty
6 much immediately after confirmation is there
7 and that they consider that in making their
8 decision to vote on the plans, and under the
9 Debtor's plan, making that election now is
10 how it would work best under our process.

11 The UCC plan has a different process
12 for making a convenience election that takes
13 place later in the process of the tort
14 reviewing -- tort reviewer in the trust.

15 Second, we believe strongly that
16 this --

17 THE COURT: I'm sorry. If
18 there are two different processes, how can
19 you put it on the ballot?

20 Are you going to put both processes
21 on, yours and the committee's on the ballot?

22 MR. GURSTELLE: Well, Your
23 Honor, in reviewing the committee's plan,
24 it's unclear to us how the convenience
25 election works for them.

1 Our process is that we make the
2 election as part of your vote and then you
3 would be entitled to that \$10,000 payment
4 after a really initial cursory review of the
5 claim and see if there is a prima facie
6 case.

7 With the UCC's plan, if they don't
8 need to have that election made so that that
9 process can take place and those payments
10 can be made out, then it doesn't need to be
11 on the ballot.

12 If they want to put that on the
13 ballot as well, I suppose that would be fine
14 and we would include both elections on the
15 ballot and both elections would probably
16 affect how each plan plays out through
17 confirmation.

18 We do think it has an affect on
19 confirmation because it will help in
20 calculating the amount of money that will go
21 into the convenience class versus the amount
22 of money that would go into the full review
23 part of the class six claimants.

24 That would affect the per claimant
25 value.

1 So we think it's important and it's
2 material and it's likely to be important to
3 many members of the class.

4 We assume from the UCC --

5 THE COURT: Of course, this is
6 all in the disclosure statement?

7 MR. GURSTELLE: That's right.

8 THE COURT: You just want to
9 bring out one little bit of the disclosure
10 statement and put it on the ballot?

11 MR. GURSTELLE: We do think it
12 is a material part of how voting would work,
13 and although it isn't electing into a
14 separate sub class, it is electing a separate
15 type of treatment for that claimant and we
16 think it's important that those claimants be
17 allowed to make that decision at the outset
18 and we think that it is material and we
19 assume from the UCC's opposition to it that
20 they think it is too.

21 This is about fairness and openness
22 in the process, and at a minimum we think
23 that if that election was included, that the
24 ballot should include at least a sentence
25 alerting creditors to the fact they will

1 have the option to make that convenience
2 election.

3 Ultimately we believe that the
4 inclusion of this election makes sense. It
5 will speed up the process in terms of both
6 initial distribution and will help the Court
7 assess the relative merits of the game
8 plans.

9 And so why does the UCC oppose it?
10 They say it will cause confusion and
11 prejudice.

12 With respect, we believe it would be
13 more confusing to have class six claimants
14 make a determination on voting for the plan
15 and have to make a second determination
16 later.

17 We think that doing it in one place
18 makes the most sense. We don't think that
19 the language in the election is confusing
20 and we think it will be efficient.

21 As to alleged prejudice, the UCC
22 states that making an election would give
23 insight to Debtor and other parties into the
24 propensity for settlement in the event that
25 one of the plans is not confirmed.

1 First, the Archdiocese' goal, as it
2 has always been, is to confirm this plan,
3 which we believe is fair and achieves a
4 great result for creditors.

5 And again with respect, this case has
6 been in settlement talks for two years and
7 the parties are vigorously represented. The
8 creditors want closure and are willing to
9 elect a convenience payment to get that
10 closure. It's exactly the type of
11 information that would help get this case
12 across the finish line.

13 That's why we want the convenience
14 election in the ballot. We think it makes
15 sense. It does make sense for at least the
16 Debtor's plan. We don't think it's
17 confusing and we don't think it's
18 prejudicial.

19 Other than that, I think the proposed
20 order has, like I said earlier, been agreed
21 to by the committee, and if you have any
22 questions I'll answer them.

23 THE COURT: Mr. Kugler?

24 MR. KUGLER: Thank you, Your
25 Honor.

1 To the ballot issue first, I think
2 that we all should want a clear and
3 unambiguous ballot and I think that the
4 inclusion of the convenience claim election
5 has the potential to make the ballots
6 confusing, particularly at the ballot
7 tabulation stage.

8 I can envision scenarios where a
9 party might accept both plans, not check a
10 box regarding preference and then elect to
11 have their claim treated as a convenience
12 claim.

13 I'm not quite sure how that ballot
14 would be interpreted. I'm sure that the
15 Archdiocese might have an interpretation
16 that is different than the interpretation
17 that the committee might have and that's
18 going to lead to further fights, further
19 expense, further delay.

20 Similarly, I could envision a
21 situation where a claimant rejects both
22 plans and then does not execute on the box
23 with a preference but then elects to have
24 their convenience claim treated as a
25 convenience claim, the claim treated as a

1 convenience claim.

2 Again, I'm not quite sure what that
3 would mean, but I know that there would be
4 multiple interpretations.

5 I think for that reason alone it
6 ought to be left off the ballot. There will
7 be plenty of time after confirmation for a
8 convenience claim treatment to be afforded,
9 folks who want to have their claim treated
10 in that fashion, and so I think that that
11 ought to be excluded from the ballot.

12 With respect to the timing, it seems
13 like a small nit, Your Honor, but the
14 committee wants to move forward in this case
15 quickly.

16 We didn't ask for 20 days, we asked
17 for ten days. We agreed to resolve it at
18 the 20 days and that was rejected by the
19 Archdiocese.

20 I can tell you that the counsel for
21 the survivors has ordered 500 flash drives.
22 They ordered them, and for an \$80 charge
23 they got them the next day.

24 This doesn't take weeks and weeks and
25 weeks. They can have the flash drives

1 tomorrow and they can load the stuff on. It
2 can be ready to go in ten days.

3 So I'm not sure why there is interest
4 in delay. I'm kind of surprised we're here
5 today. I thought that after the last
6 go-round we would have had ballots out by
7 now and I would urge the Court to require
8 that the Archdiocese get this stuff out in
9 the next ten days.

10 Thank you.

11 THE COURT: Anyone else that's
12 want's to be heard on this motion?

13 Did you want to respond at all?

14 Mr. Gurstelle.

15 MR. GURSTELLE: Thank you, Your
16 Honor.

17 Ben Gurstelle again for the Debtor.

18 Again, we don't think the convenience
19 class election is confusing.

20 With respect to the scenario Mr.
21 Kugler just mentioned, I don't think a
22 convenience claim election would affect the
23 situation where no preference is checked on
24 the two plans.

25 The convenience claim election is

1 about treatment under the Debtor's plan, so
2 if they had accepted the Debtor's plan, they
3 accepted treatment as a convenience
4 claimant, then that's sort of the end of
5 that story. I don't think it would be
6 confusing in tabulation.

7 With respect to an allegation we're
8 trying to delay the process, it's just the
9 opposite. We brought this motion to jump
10 start the process and to try to get the
11 solicitation process lined up and under way.

12 And again I want to stress that we do
13 want to do this as quickly as possible.

14 The only reason we're asking for the
15 30-day outside deadline is we don't want to
16 be in violation of the court order on some
17 technicality.

18 Thank you.

19 THE COURT: Well, let's turn to
20 the last one first, the ten or 20 or 30 days.

21 To describe it as a nit is an
22 understatement. I can't believe you're here
23 either, Mr. Kugler, arguing about that.

24 You've been working at this for months and
25 months and the case is over two years old,

1 and whether we lose either another ten or 20
2 days in this process, because after
3 balloting it's going to go on for months
4 besides so this little period of time, this
5 arguing over is beyond silly.

6 I'll allow the 30 days.

7 And I understand it might not just be
8 the drives. There is a lot of stuff that
9 can go wrong and a lot of technicalities and
10 a lot of things to do and I think we need to
11 allow the Debtor plenty of time to get all
12 those things done.

13 So I'll keep the 30 days in.

14 On the ballot, my view on the ballot
15 is a ballot is a ballot. It's not a place
16 to put disclosure, it's not a place to
17 solicit. The solicitation is in the
18 disclosure statement itself.

19 It is explained in the disclosure
20 statement, but the part about the plan is
21 explained in the plan, their opportunity to
22 make the election.

23 Unlike many plans which have a
24 convenience class, so you need to make the
25 election as part of the balloting because

1 you need to know which class to count the
2 ballot in, that is not this situation.
3 You're all in the -- all the victims are in
4 one class.

5 So putting that election at that
6 point it has the potential for confusion and
7 with no real upside that I can see so I'm
8 going to deny that part of the Debtor's
9 motion.

10 And you can redo the ballot and the
11 order and submit it, but with that language
12 taken out of the ballot.

13 Let's turn to the Debtor's motion,
14 the area where compliance with bankruptcy
15 Rule 2019.

16 MR. GURSTELLE: Thank you, Your
17 Honor.

18 Ben Gurstelle again for the Debtor.

19 This is a motion to compel Jeff
20 Anderson & Associates to comply with Rule
21 2019 in full.

22 This motion is all about fairness.
23 Transparency equates with fairness and the
24 rule requires it.

25 Rule 2019 requires that certain

1 disclosures are made when an entity such as
2 a law firm --

3 THE COURT: You're talking
4 louder, but you're still talking really fast.
5 Please slow down a little bit.

6 MR. GURSTELLE: I'll slow down.

7 Rule 2019 requires that an entity
8 such as a law firm that represents multiple
9 non-insider creditors who are acting in
10 concert to advance their common interest
11 make certain disclosures.

12 The disclosures are laid out in the
13 rule and our motion is to have the Anderson
14 firm comply with that rule.

15 We don't think that the Anderson firm
16 has complied with the rule and so we don't
17 think our motion is moot.

18 First, the Anderson firm has argued
19 that the rule does not apply do it because
20 although it represents 383 tort claimants,
21 or approximately 85 percent of the class six
22 claimants, the firm has not represented
23 these claimants acting in concert.

24 That assertion, Your Honor, frankly I
25 think, is impossible to square with reality.

1 Since the very beginning of this case
2 the Anderson firm has appeared at almost
3 every single hearing on behalf of certain
4 abuse survivors, never on behalf of any
5 individual survivor, and they have also
6 filed many, many motions in this case,
7 responses, filed an appeal, the subcon
8 order, all on behalf of certain abuse
9 survivors, always acting selectively to
10 advance their common interests.

11 The only thing that the Anderson firm
12 has done on behalf of any individual
13 claimant is file proofs of claim.

14 So to say that they are not acting on
15 behalf of creditors in concert to advance
16 their common interests is just not true.
17 Clearly the rule applies to the Anderson
18 firm.

19 Second, the Anderson firm has argued
20 that it's met its obligations under Rule
21 2019 by its submission of a document last
22 Friday purporting to be a Rule 2019
23 disclosure.

24 With respect, this document is not a
25 proper 2019 disclosure and it doesn't comply

1 with the rule.

2 First, the disclosure does not
3 explain the facts and circumstances
4 concerning the formation of the abuse
5 survivor group as required by Rule
6 2019(c)(1)(A), so the questions we would
7 have are was the group as a result of
8 solicitations by the firm, did it come
9 together through specific referrals or did
10 the entire group simply form organically and
11 then seek to have the entity, the firm,
12 represent it.

13 We don't know because it's not
14 disclosed.

15 Second, the document does not
16 disclose the nature or amount of the
17 Anderson firm's own economic interest in the
18 outcome of this bankruptcy case as required
19 by Rule 2019(c)(2)(B).

20 Now, we assume, but we do not know
21 for certain because it hasn't been
22 disclosed, that the Anderson firm may have
23 various contingency fee arrangements with
24 its clients, but not all of the Anderson
25 firm's clients are similarly situated. Some

1 are strong claims, some are weak claims,
2 some have multiple claims and some are
3 claims that are just not cognizable.

4 How does the Anderson firm's own
5 economic interest in this case affect how
6 its counsel -- how it will counsel its
7 clients regarding voting.

8 Have the Anderson firm's clients been
9 given informed consent as to possible
10 conflicts that these differences could lead
11 to?

12 We don't know because it hasn't been
13 disclosed.

14 And this brings us to the third major
15 deficiency, which is that Rule 2019 requires
16 that the disclosure include a copy of any
17 instruments authorizing that entity to act
18 on behalf of its client creditors.

19 Or its creditor clients.

20 This is very important to us. It's
21 very important to the case.

22 While the Archdiocese is not seeking
23 the disclosure, we're not seeking the
24 disclosure of any personally-identifying
25 information of any of the clients, we don't

1 want their names, we don't want their
2 addresses, we're looking for the information
3 about the firm's economic interest and the
4 other information required by Rule 2019.

5 There is no exception to the rule for
6 any other part of the disclosure for the
7 Anderson firm.

8 It's important that this grievance be
9 public so that the Court and all parties in
10 interest may review them in light of the
11 competing plans and the impending votes to
12 be passed.

13 Now, this is especially true because
14 one of the plans is currently being promoted
15 and championed by the Anderson firm.

16 Finally, the Anderson firm has argued
17 that it's unfair for the Archdiocese to
18 demand that the Anderson firm make the
19 disclosure when it hasn't made the same
20 demands of other firms representing multiple
21 creditors.

22 First, the Archdiocese believes that
23 the rule is the rule and it applies across
24 the board and that anyone appearing in this
25 case on behalf of multiple creditors ought

1 to comply with it. The rule is
2 self-effecting.

3 So we don't believe that we should
4 have to make any motion for disclosure in
5 the first place, but we have made this
6 motion with respect to the Anderson firm
7 because, frankly, we think that the Anderson
8 firm's disclosure is more important.

9 The Anderson firm has a different
10 type of interest in this case than other
11 firms do.

12 The Anderson firm has its own
13 disclosable economic interest as defined
14 under the rule that will be determined by
15 the outcome of this case.

16 The term "disclosable economic
17 interest" includes any other right or
18 derivative right granting the holder an
19 economic interest that is affected by the
20 value, acquisition or disposition of a claim
21 or interest.

22 Because its fee arrangements, or we
23 assume its fee arrangements, the Anderson
24 firm, unlike other firms, has that interest
25 and that we believe that it is important to

1 know how that will affect the process going
2 forward.

3 We think it's appropriate right now
4 before the solicitation stage to get that
5 disclosure.

6 In at least two other diocese cases
7 that disclosure has been made at or about
8 the solicitation stage.

9 And in the Delaware case, the
10 Wilmington case in Delaware, it was
11 specifically tied to solicitation.

12 Your Honor, we're not after the
13 survivors, we're not after Jeff Anderson.
14 We are trying to get to transparency and
15 fairness so that the process can move
16 forward in a way that is fair to everyone
17 and that's why we want the disclosure.

18 Thank you.

19 THE COURT: Okay.

20 Ms. Lindstrom?

21 MS. LINDSTROM: Good morning,
22 Your Honor.

23 Elin Lindstrom on behalf of Jeff
24 Anderson & Associates.

25 Mr. Finnegan and Mr. Anderson are

1 noticeably absent today. This is an
2 important issue to our firm and they were,
3 unavoidably, out of the state so they
4 apologize for their absence.

5 I'm not going to belabor the points
6 raised in our response memorandum, but there
7 are a few points raised in the Archdiocese
8 reply brief that I would like to touch on
9 today.

10 Bringing this rule up now can only be
11 viewed as an attempt to call into question
12 the integrity of both the voting process and
13 of our firm's representation of these
14 survivors.

15 By focusing on this 2019 disclosure
16 now, the Archdiocese seems to be setting up
17 for some potential argument they may have
18 about our firm's participation in the voting
19 process if the survivors opt to rejection
20 the Archdiocese' plan.

21 The way the Archdiocese has framed
22 their argument makes it seem like our firm
23 is voting for our clients on their behalf,
24 and that is simply not the case.

25 Our firm is not participating in the

1 vote.

2 We will, as their attorneys, advise
3 these clients individually based on their
4 individual circumstances of the risks and
5 benefits of each plan, and we have a duty
6 and obligation under the rules of ethics and
7 under this court to do that.

8 Based on that advice, it will be our
9 client who cast the vote, not us.

10 It is unclear what our retainer
11 agreement or information in that agreement
12 has to do with this voting process or what
13 we would advise our clients about the vote
14 and the plans.

15 The Archdiocese seems to even be
16 going beyond the Rule 19 requirements under
17 the rule by requesting our fee agreement and
18 seemingly trying to step into the attorney/
19 client relationship that we have with our
20 clients and almost possibly interfering with
21 our privileged information and privileged
22 conversations that we have with our clients.

23 There was a provision in the ballot
24 order that was stricken by the Archdiocese
25 regarding us having an obligation to talk to

1 our clients.

2 We know we have that obligation. We
3 don't need to be told by the Archdiocese
4 what to do in this voting process.

5 We think this is inappropriate. We
6 are aware of the rules of ethics and will
7 continue to comply with those rules.

8 Further, Your Honor, while we
9 disagree that this rule applies to our firm,
10 we have filed a Rule 2019 disclosure, but
11 the Archdiocese is requesting two additional
12 requirements under the rule that we just do
13 not think are applicable here: First,
14 regarding a copy of the instrument required
15 under Rule 2019(c)(4), the type of document
16 contemplated by this provision in this rule
17 is not our retainer agreement.

18 It would be an agreement made between
19 the claimants to coordinate their actions
20 and act in concert.

21 In some cases this may be a power of
22 attorney. In some cases it may be a power
23 of attorney allowing the firm to cast a
24 proxy vote on behalf of an entire group of
25 claimants.

1 Jeff Anderson & Associates has no
2 economic interest in the Debtor. We are not
3 a creditor in this case and we are not a
4 claimant.

5 We represent individuals who are
6 creditors and have economic interests in the
7 Debtor.

8 THE COURT: You have a huge
9 economic interest in the case, however,
10 probably the biggest one.

11 No one has a bigger economic interest
12 in the case than you.

13 "You" being the Anderson firm, not
14 you personally.

15 MS. LINDSTROM: The Anderson
16 firm may get paid. There are other attorneys
17 in this room that will get paid in this case
18 and have gotten paid.

19 THE COURT: Well, depending on
20 what your fee arrangement is, which we don't
21 know but many of us have speculated is a
22 contingency, the firm, depending on what plan
23 is confirmed, stands to collect 20,
24 \$30 million in fees.

25 MS. LINDSTROM: We would

1 collect fees, Your Honor. It is a
2 contingency basis.

3 But the Archdiocese --

4 THE COURT: Well, it's a huge
5 economic interest in the case, like I said,
6 bigger than anyone else.

7 No one has a bigger interest than
8 Anderson & Associates.

9 MS. LINDSTROM: I would
10 respectfully disagree with Your Honor or with
11 the Archdiocese that that rule requires us to
12 disclose our economic interest because, as
13 again, it says it's as it relates to the
14 Debtor.

15 And to insinuate, or the Archdiocese'
16 insinuation that we will somehow influence
17 our clients votes in order to up our fees or
18 our payment is absolutely insulting.

19 Your Honor, for these reasons, we
20 would ask to find that Jeff Anderson &
21 Associates has complied with the Rule 2019
22 motion.

23 If, however, the Court is inclined to
24 grant the Archdiocese further request for
25 further compliance, we would ask the Court

1 to allow us to do it in a way that does not
2 disclose any of our clients' identifying
3 information.

4 I know there are some asbestos cases
5 where even when exemplars or fee
6 agreements --

7 Sorry. Excuse me, not fee
8 agreements, but where documents were filed
9 under seal in court, those were later
10 unsealed and the identities of those
11 individuals made public.

12 So if we are to comply with this
13 rule, that we can do so in a way that
14 protects the identities of the survivors,
15 and also that all the professionals in this
16 case that fall under this rule also have to
17 comply.

18 Thank you.

19 THE COURT: Anyone else want to
20 be heard on the motion?

21 Mr. O'Brien.

22 MR. O'BRIEN: Thank you, Your
23 Honor.

24 The parish committee did put in a
25 response simply supporting the 2019 motion

1 brought by the Debtor.

2 I'm not going to argue what the rule
3 requires. I have never been faced with
4 having to deal with this rule when I was on
5 the bench, not a single time.

6 I read the rule once and then I put
7 it down and I picked it up and I read it
8 again and I read it again and I'm still is
9 not sure exactly what it means, but I'm sure
10 you know what it means and I'm sure you're
11 going to tell us all what it means.

12 What I want to just briefly talk
13 about here is the unique nature of this case
14 and perhaps the way the rule fits in to the
15 unique nature of this case.

16 I was some what surprised when I read
17 the initial response by Mr. Jeff Anderson to
18 the motion by claiming that this was
19 motivated by an attempt to intimidate
20 Mr. Anderson and his firm.

21 I don't know Mr. Anderson very well,
22 but in getting to know him in this case, he
23 impresses me as somebody who is not
24 intimidated by anything.

25 And then when the response, the 2019

1 was filed, you look at it and there is
2 absolutely nothing in there that would
3 intimidate anybody about anything.

4 So I wonder what else is going on
5 here.

6 You know, this is a rather unique
7 situation in that, as you pointed out and as
8 has been pointed out by others here, Mr.
9 Anderson and his firm are the -- they have a
10 unique position in this case that no other
11 professional has, and that is that they have
12 a substantial personal financial interest in
13 the outcome of this case, a substantial
14 stake.

15 Now, if their compliance with the
16 rule by filing that document that they
17 filed, if that's the compliance with the
18 rule, then there needs to be some other, in
19 my view, transparency here that will satisfy
20 the integrity of the voting process.

21 This is not an attempt to interfere
22 with or to call into question the integrity
23 of the voting process.

24 This is an extremely unique situation
25 where this firm, which has a financial stake

1 in this case that is very substantial, is
2 going to take control and possession of the
3 ballots of the overwhelming number of
4 clients that it has and the overwhelming
5 number of people who make up the unsecured
6 creditors class.

7 There is nothing wrong with that, but
8 under those circumstances it seems to me
9 that in order to protect, rather than call
10 into question, the integrity of the process,
11 there has got to be some sort of perhaps
12 maybe extraordinary, then, if the rule has
13 been complied with, some other extraordinary
14 transparency.

15 It's not a matter of, well, we don't
16 trust you or we think you're being evil.
17 It's the old situation of trust but verify.

18 You know, there has got to be some
19 process here that will make up for what is
20 otherwise not a normal process in a Chapter
21 11 case.

22 I would suggest that if other
23 financial disclosures cannot be or will not
24 be made in this case, that the ballots of
25 the unsecured claimants be turned over not

1 to Mr. Anderson but to the unsecured
2 creditors committee.

3 The unsecured creditors committee
4 represents these people, as well as
5 Mr. Anderson does individually, and they
6 have got a fiduciary responsibility that is
7 much broader than Mr. Anderson's and there
8 is no reason in my mind why they can't, why
9 Mr. Kugler's office cannot fulfill the
10 responsibility to the unsecured creditors
11 through the committee by doing the same kind
12 of handling and securing the votes of these
13 members that could be done by Mr. Jeff
14 Anderson.

15 Again, it's not a matter of
16 disparaging Mr. Jeff Anderson. You know,
17 it's a matter of either recognizing what are
18 the required procedures and processes in a
19 situation like this or to come up with some
20 alternative that protects the integrity of
21 the voting process.

22 Thank you.

23 THE COURT: Thank you.

24 Anyone else? Anybody else want to be
25 heard on the motion?

1 Mr. Gurstelle.

2 MR. GURSTELLE: Thank you, Your
3 Honor.

4 Ben Gurstelle again for the Debtors.

5 Just a couple of responses.

6 Number one, I think the rule is clear
7 and it requires the information that we laid
8 out in our brief.

9 Next, the retainer agreement is --

10 THE COURT: Well, let me stop
11 you there.

12 Assuming that's true, is there some
13 reason to require them to disclose how many
14 clients they have?

15 I lost track of the number, 200
16 and --

17 MR. GURSTELLE: How many
18 claimants?

19 THE COURT: That they
20 represent.

21 MR. GURSTELLE: 383.

22 We think --

23 THE COURT: You need 383 copies
24 of the retainer agreement?

25 MR. GURSTELLE: Your Honor, I

1 don't think we need every single retainer
2 agreement if there is a form agreement.

3 We would want to see, and I think the
4 rule would require, disclosure of any
5 different types of retainer agreements that
6 Mr. Anderson's firm may have.

7 For example, some of his clients were
8 retained before this case started and they
9 had ongoing litigation and some clients
10 signed up well into the course of this case.

11 There may be different retainer
12 agreements for those types of clients with
13 different fee arrangements.

14 We think the retainer agreement is
15 absolutely contemplated by the rule and has
16 set out in the Baron & Budd case that we
17 cited.

18 It's not a confidential document,
19 it's a document that is required to be
20 disclosed by the rule and there is a
21 discussion of that in Baron & Budd.

22 And it is important for the Court to
23 know the fee arrangement for the Anderson
24 firm because, as the Court pointed out, the
25 Anderson firm does have a distinct economic

1 interest in the outcome of the case and it
2 is a disclosable economic interest as
3 defined in Part A of the rule and it is
4 dependent on how these claims turn out.

5 You know, I can envision a situation
6 where the Anderson firm may believe that it
7 can get more money for the firm in a
8 situation where the case is dismissed or
9 where litigation ensues and that certain
10 claimants may do better in that situation
11 but certain claimants may not and that gives
12 rise to potential conflicts of interest.

13 Can those conflicts be waived?
14 Perhaps. But it's important that the Court
15 and other parties in interest who are
16 invested in the solicitation process know
17 that.

18 So we believe that it's very
19 important that the rule be complied with.

20 Then as to Mr. O'Brien's comments, I
21 don't think we have a position on that, but
22 I do think that whether or not the ballots
23 go to the committee or to the Anderson firm,
24 the rule requires disclosure and it should
25 be complied with.

1 Thank you.

2 THE COURT: Ms. Lindstrom?

3 Well, actually I would like you to
4 step up. I just have a question or two to
5 ask you.

6 Just generically, without talking
7 about any individual client, how many
8 different forms of retainer agreements would
9 you have?

10 I'm guessing they are virtually
11 identical for most of them.

12 MS. LINDSTROM: Most of them
13 are virtually identical. I can't say for
14 certain how many different examples we have
15 to date. I think most of them are the same,
16 though.

17 THE COURT: Thank you.

18 Well, as to the why this is here now,
19 I mean we've nibbled around the edge of this
20 for two years. I mean this is not a new
21 issue and the rule, to use the word of the
22 Debtor, is self-effectuating.

23 We don't need an order. The Anderson
24 firm should have complied with it two years
25 ago and they should have complied with it a

1 year ago and six months ago.

2 The fact that we're here now on the
3 motion doesn't mean they no longer have to
4 comply with the rule, so I think they have
5 to comply, it has to comply with the rule.

6 If there is some sort of insult there
7 or distrust there, it's a distrust by the
8 Supreme Court who promulgated the rule, not
9 by the parties here or me. The rule is the
10 rule is the rule.

11 And you might speculate that there is
12 some cynicism, if not distrust, behind the
13 rule of disclosure.

14 I really dislike the current trendy
15 word "transparency", but it's sort of
16 applicable here.

17 Bankruptcy sort of operates on
18 everybody knowing what's going on, me in
19 particular, but everybody knowing what's
20 going on, and this is one of those elements
21 that people, at least the Supreme Court
22 thought everyone should know.

23 So I think the Anderson firm must
24 comply with the rule.

25 One, it needs to be verified. That's

1 easily taken care of.

2 It wasn't. The thing that you filed
3 wasn't verified. The rule certainly
4 requires that.

5 I'm sorry. I just give no credence
6 to the suggestion that they are not acting
7 in concert. Clearly you are.

8 I mean you may not have set out to
9 create a group, but you have a group. You
10 have a group of clients who are acting in
11 concert through you, and the Anderson firm
12 is the representative of 383 people and the
13 rule, this is exactly the situation it's
14 designed to -- or one of the many situations
15 the rule is designed to tend to.

16 And I read the rule clearly as well,
17 and I think one of the important points of
18 the rule is to disclose the economic
19 interest in the case, what does the
20 representative have to gain. That's the
21 point of the rule here.

22 So for whatever reasons we can
23 understand that there are different
24 interests or different motivations or just
25 different things going on, and so we need to

1 know that. That's something the entire body
2 of people, the court and lawyers need to
3 understand.

4 So I'm going to order among the
5 things that I think you --

6 And I think sort of one of the other
7 things of the group and one of the unique
8 dynamics of this case from the beginning has
9 been the Anderson firm represents a majority
10 of the members of the creditors committee,
11 so it's certainly my perspective of this
12 case that Jeff Anderson has been the
13 creditors committee.

14 That's sort of the dynamic here
15 that's at work here and so it makes it all
16 the more important, it seems to me, that
17 this rule be complied with.

18 So I think you need to go back and
19 comply with the rule.

20 Obviously no one has asked for and
21 I'm certainly not going to include the
22 requirement to disclose any names.

23 I think the list that you've done
24 with the name by claimant number is perfect,
25 but I think you also have to disclose the

1 fee arrangement with each of those clients,
2 whether it's hourly or contingent, includes
3 costs and expenses, whatever, so that we can
4 know what it is for each one of those
5 clients.

6 And that would include --

7 And the reason I ask, I was hoping
8 this wasn't going to be too onerous, but I
9 don't want you to -- clearly don't want to
10 file the actual retainer agreements with
11 anybody's name in them, but somehow it seems
12 to me you should be able to have exemplars
13 that say here is the retainer agreement
14 exactly in this form that was signed with
15 claimants number one, two, three, four, 16,
16 18, 20, whatever, and if there is another
17 one, these five people signed this different
18 retainer agreement, so that at least we can
19 look at them and figure out what the fee
20 arrangement is and other arrangements for
21 representation are with each one of your
22 clients.

23 Did I cover what we're looking for
24 here?

25 I mean you need a little bit of time.

1 I'll give you about maybe a week from
2 tomorrow as the deadline to comply with the
3 order.

4 [UNINTELLIGIBLE]

5 I can pick Friday because then you
6 can't make your staff work on weekends.

7 [UNINTELLIGIBLE]

8 Sure. Now it's gotten longer. It's
9 not the following Monday, it's the following
10 Thursday?

11 [UNINTELLIGIBLE]

12 Okay. Two weeks from today.

13

14 * * *

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1 STATE OF MINNESOTA)

2 ss.

3 COUNTY OF DAKOTA)

4

5 BE IT KNOWN, that I transcribed the digitally
6 recorded proceedings held at the time and place set
7 forth herein;

8

9 That the proceedings were recorded
10 electronically and stenographically transcribed
11 into typewriting, that the transcript is a true
12 record of the proceedings, to the best of my
13 ability;

14

15 That I am not related to any of the parties
16 hereto nor interested in the outcome of the action;

17

18

19 IN EVIDENCE HEREOF, WITNESS MY HAND AND SEAL.

20

21

22

23

24

NEIL K. JOHNSON

25

EXHIBIT B

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK

-----x
In Re: Case No.: 2-19-20905-PRW
Chapter 11

The Diocese of Rochester
aka The Roman Catholic Diocese of Rochester

Debtor, Tax ID: 16-0755765

-----x
The Diocese of Rochester, A.P. No.: 19-02021 (PRW)
Plaintiff,

vs.

The Continental Insurance Company, et al.,
Defendants. Rochester, New York

-----x
Hearing Held on April 19, 2023

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE PAUL R. WARREN
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES: STEPHEN A. DONATO, ESQ.
SHANNON ANNE SCOTT, ESQ.
ILAN D. SCHARF, ESQ.
TIMOTHY LYSTER, ESQ.
JEFFREY ANDERSON, ESQ.
MICHAEL FINNEGAN, ESQ.
JEFFREY DOVE, ESQ.
MATTHEW OBIALA, ESQ.

TRANSCRIBER: Diane S. Martens
(585) 613-4311

In Re The Diocese of Rochester - 19-20905

PROCEEDINGS

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THE COURT: It's 11:00. We'll go ahead and get started with the matters related to the Diocese of Rochester, Chapter 11, case number 19-20905 and the adversary proceeding by the Diocese against a number of insurance carriers seeking declaratory relief at ECF 19-2021.

I've heard a number of appearances this morning.

Let me just quickly tell you the order in which I intend to go through things today. And then, so the record's clear, if you'd like, I'll let you put your appearances on the record as we get to the matters in which you are appearing.

The first matter the Court will address is the motion in the Adversary proceeding at ECF 216, which is a motion by CNA to terminate the judicially imposed stay and the mediation order to which the Diocese and the Committee have objected at ECF 229 and 230.

The next matter the Court would touch on is the motion in the main case at ECF 1960. That's the motion by CNA seeking compliance with Rule 2019.

Following that, to the extent we need to talk about it, the motion at ECF 1959, which is CNA's motion to compel a 2004 exam.

And then, last, is a housekeeping matters I understand

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1 the parties at least want to talk about the scheduling of the
2 claim objections filed by CNA and the Committee's motion that
3 was filed at ECF 2063, seeking to dismiss those objections.

4 With that, I'll go through the appearances.

5 I have Mr. Scharf for the Committee.

6 Ms. Scott for the U.S. Trustee.

7 Mr. Obiala on behalf of London Market.

8 Mr. Lyster for the parishes.

9 Messrs Anderson and Finnegan for the Anderson law firm.

10 Mr. Dove and Mr. Plevin for CNA.

11 And Mr. Donato for the Diocese.

12 I know a couple other attorneys mentioned their
13 appearances for carriers that are involved in the Adversary
14 proceeding but that have not filed papers.

15 So, with that, does anybody have a problem with the
16 order of the day that the Court has laid out in terms of how
17 we'll handle or address the motions before the court?

18 **MR. WINSBERG:** Your Honor, I don't have an opposition to
19 the Order.

20 I just wanted to point out, your Honor, that we were the
21 ones -- not CNA -- that filed the Motion to Lift the Stay in
22 the Adversary proceeding.

23 **THE COURT:** Oh, I'm sorry. I'm sorry about that.

24 With respect to the Motion to Lift the Judicial Stay --
25 and, again, I stand corrected -- by Interstate Fire &

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1 Casualty, I've read the motion papers. I've read, obviously,
2 the motion and the objections. I don't feel the need to hear
3 oral argument. I've read your papers and my inclination is
4 to simply tell you I'll take this under submission and issue
5 a written decision as quickly as possible, within the next
6 week or two.

7 Does anybody wish to be heard in response to that
8 proposal?

9 **MR. WINSBERG:** Your Honor, we were prepared a short
10 remark, rather than file a reply, short remark to the
11 response that were filed and the issues raised.

12 If your Honor wants to take it on the papers without
13 oral argument, I don't have an issue with that. We'll defer
14 to your Honor but if that's the case, could we put a short
15 reply on by tomorrow?

16 **THE COURT:** I really don't need it. I think the
17 papers -- both the motion and the responses -- frame the
18 issues up very clearly for the Court.

19 You know, as I said, I've spent a considerable period of
20 time on all these matters over the last couple weeks. So I
21 don't think that that will help the Court's decision making
22 one way or the other, nor do I think it will harm the parties
23 one way or the other. I think you've all done a fine job
24 presenting the arguments of your various constituencies and I
25 understand what the issues are. So I'm going to politely

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1 decline your request.

2 **MR. WINSBERG:** Thank you, your Honor.

3 **THE COURT:** You're welcome.

4 Turning to ECF 1960, that's the motion seeking
5 compliance with respect to Rule 2019 of the bankruptcy rules.
6 That motion, I think, was CNA's motion. And based on
7 submissions to the docket this morning, it appears that there
8 may be a proposed revised order between CNA and the Committee
9 resolving this motion.

10 And this, Mr. Dove and Mr. Scharf, I probably could use
11 your help in understanding where we are.

12 **MR. PLEVIN:** Your Honor, this is Mark Plevin for
13 Continental, if I could take this.

14 **THE COURT:** Of course.

15 **MR. PLEVIN:** This issue. We did file the Rule 2019
16 motion. There were no oppositions filed and, therefore, you
17 know, the Court issued the order that we had filed with our
18 solument (phonetic) to the motion.

19 Nevertheless, Mr. Scharf and I have spoken several times
20 this week and late last week and Mr. Scharf asked for some
21 modifications to the Order and we agreed to those
22 modifications. And, so, at my request, Mr. Dove this morning
23 filed the errata sheet style with further revised proposed
24 order which reflects the changes that Mr. Scharf and I agreed
25 to yesterday.

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1 I'd rather just say for the benefit of the Court that
2 the most significant change to the Order is that we agreed to
3 allow lawyers and law firms who have to comply with Rule 2019
4 to submit exemplar engagement agreements rather than
5 individual agreements with each claimant but they do have to
6 let us know which of their clients signed each type of
7 exemplar.

8 And by way of example, in the Camden case, the Anderson
9 law firm filed a 2019 statement where they attached four
10 different exemplar engagement agreements that they had
11 entered into with their clients and then they filed a list
12 that allowed us to identify -- not us, because we're not in
13 that case -- but a lot of parties to identify which of the
14 clients involved signed which of the four engagement letters.
15 And so that's what we've agreed to with respect to exemplars.

16 The other thing I would note is that the parties also
17 agree that if Continental feels that there's still an
18 information gap once the 2019 statements have been filed,
19 then we will have the right to pursue (phonetic) additional
20 information if we think that's necessary.

21 And, otherwise, I think the order speaks for itself
22 unless the Court has any questions.

23 **THE COURT:** Well, I guess I'm just going to make an
24 observation I guess in the form of a question to Mr. Scharf
25 to answer on behalf of state court personal injury attorneys.

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1 How is it that we're nearly four years into this case
2 and not one of the state court personal attorneys have
3 complied with rule 2019?

4 **MR. SHARF:** Your Honor, I don't have an answer
5 (indiscernible) to that. I think that there is an argument
6 to be made -- I will say that there's an argument to be made,
7 your Honor, that Rule 2019 talks about parties acting in
8 concert and it's really designed for when you have, for
9 example, a group of bondholders who hire an attorney, a
10 financial adviser and come into a Chapter 11 case have to
11 disclose what their economic interest is in the debtor and
12 who was acting in concert.

13 Here, your Honor, the reality is that while these
14 clients are represented by the same party, I think there's an
15 argument to be said that they're not acting in concert.

16 In addition, your Honor, aside from engagement letters,
17 the proofs of claim identify which clients are represented by
18 which counsel. So we understand what they are asserting.
19 And, frankly, these are all unliquidated claims so it's not
20 like we need to know who bought what proportion of debt and
21 who has what voting power with respect to a particular hedge
22 (phonetic) of securities.

23 So, there's an argument to be made that it's unnecessary
24 to file these things at this stage of the case. It's
25 unnecessary given the information comes in in the proofs of

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1 claim. But -- and that they're not, they don't fit squarely
2 within Rule 2019. Rather than have that cite, we conferred
3 with state court counsel and they will file these -- the
4 statements.

5 I would ask for one modification, your Honor. I did
6 raise this with Mr. Plevin. And since the first statement
7 has been filed this morning as the hearing was beginning by
8 Jeff Anderson and Associates and they disclosed by claimant
9 number rather than claimant's initials. I hope that that
10 satisfies the CNA and the Court because it provides the
11 information sort of rather than requiring people to file
12 initials and claimant number, we can just use the claimant
13 number. But they do disclose exemplars of about eight
14 different fee agreements, the date of the agreements, and
15 these exemplars are attached.

16 And the other state court counsel will comply and we'll
17 move forward.

18 **THE COURT:** Mr. Plevin.

19 **MR. PLEVIN:** Your Honor, I saw that email from Mr.
20 Scharf this morning. As you know, it's early out here in
21 California so I didn't have a chance to study it or respond
22 to him.

23 Our interest is in understanding the representation
24 information required by Rule 2019. So, I guess if the claim
25 numbers are sufficient to give us some identifying

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1 information, then I guess we have access to the proofs of
2 claim under the charge of the Court's protective order. That
3 may be adequate subject to our right to seek additional
4 information as the order already provides.

5 **THE COURT:** Okay. In paragraph 2D, it ends with the
6 phrase "or other arrangements when talking about fee sharing
7 cocounsel retainer referral and the like".

8 Before you all submitted either late last night or early
9 this morning the, I guess, settled Order, proposed settled
10 Order, I had already marked up the Order with my requirements
11 and I was inclined -- and I will float this out there, I
12 suspect Mr. Scharf's not going to like it and I suspect
13 Mr. Plevin is going to like it -- is to put a fine point on
14 what "other arrangements" means.

15 And my addition would say: Or other financial
16 arrangements including, but not limited to, litigation
17 financing with third-parties providing in any way for the
18 payment of the fees or costs of the lawyers and law firms
19 described in Paragraph 2 above, together with copies of any
20 documents that were signed in conjunction with creating that
21 relationship or arrangement. And that seems to be consistent
22 with what the District Court in New Jersey affirmed the
23 Bankruptcy Court's order in the Burns case.

24 Why don't we put a finer point on what other
25 arrangements we're talking about.

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1 **MR. SHARF:** Your Honor, in terms of those litigation
2 financing agreements -- and, you know, we'll turn to what we
3 mean by litigation financing I guess shortly -- I mean are we
4 talking about physical lines of credit that a law firm may
5 have with a bank or are we talking about something more
6 direct? And there's different types of litigation finance --
7 this, frankly, I don't think is a very big issue in this
8 case. I think if we're going to be asked to be able to
9 disclose financing arrangements -- which I think probably
10 are, arguably, outside the scope of 2019 -- we should give
11 them an opportunity to respond to that. Anecdotally or
12 colloquially, I really don't think that that's a major issue
13 in this case if we're talking about, you know, hedge funds
14 that come in and say I am loaning you a hundred dollars
15 secured by X, Y, Z case and I'm expecting to get double my
16 money back at the end of the case, I just don't think that's
17 a big issue here. It was an issue in other cases. It's
18 often an issue in more mass tort type cases.

19 But I think the law firm should have the right to review
20 that and respond to it if it's going to go in the order.

21 **THE COURT:** Then that would be my suggestion is if it's
22 not a big deal in this case, then tell me what it is. And I
23 don't mean right now. I mean, if they want to think about
24 it. It's been suggested to me that it might be a big deal in
25 this case. I don't know whether it is or not because,

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1 frankly, I mean, you all have way more experience with mass
2 tort cases than I do. I've not run into it before. So I
3 don't know whether it's a big deal here. I'd like to know if
4 it's out there, if to the extent it exists, it's, it's a
5 nonstarter or whether it's a problem.

6 So, I'll throw that out there for you all to think about
7 and if you need to put definitional terms on what that means
8 for purposes of this order, that's fine. And maybe the way
9 to do this is, you know, to mark 1960 as settled, stipulated
10 order to follow, and you all put in whatever parameters you
11 think are fair and reasonable for me to consider.

12 But I don't know what will the -- as the Order currently
13 exists, I don't know what the phrase "other arrangements"
14 means. And I'd like to know if there's, if there are
15 problematic, or potentially problematic, arrangements out
16 there, I'd like to know what they are.

17 So would you like me to mark 1960 as settled, order to
18 follow and if you can't agree on an order, then you contact
19 Ms. Folwell and ask that the matter be restored to the
20 calendar for a further hearing?

21 **MR. SHARF:** I think that would work from the Committee's
22 perspective.

23 **MR. PLEVIN:** Your Honor, I think that would work from
24 our perspective as, well.

25 But is there some way that we can get the language that

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1 you dictated because I wasn't able to write it down.

2 **THE COURT:** Sure. Mrs. Siriani will provide that when
3 we get through, unless somebody wants to take a shot and I
4 can try to read it more slowly. Is someone adept --

5 **MR. PLEVIN:** If she can send it to Mr. Dove, I think
6 that would be adequate from our perspective.

7 **THE COURT:** Okay. So I'm going to mark 1960 as settled,
8 stipulated order to follow, subject to restoration on request
9 of any party in interest.

10 Which takes us, at least briefly, to 1959 which is the
11 request for a 2004 exam primarily of the Anderson firm. And
12 here's at least what I'm inclined to do today.

13 And in Page 4 of the motion, it indicates -- I think
14 this is your motion, Mr. Plevin -- that this is with respect
15 to the litigation financing, such information arguably must
16 be disclosed by state court counsel under Bankruptcy Rule
17 2019. To forestall any arguments about whether disclosure of
18 financing arrangements are or are not within the scope of the
19 required disclosures under Rule 2019, Continental is seeking
20 authorization under 2004 to serve each state court counsel
21 with subpoenas for document production.

22 So, I guess my view of the motion at ECF 1959 is that
23 motion seems premature to consider today. I'd like to see
24 what gets filed under 2019 by each of the personal injury
25 lawyers, including any litigation financing agreements that

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1 are relevant. And then have you tell me why, based on what
2 gets filed, a 2004 exam's necessary.

3 But based on where we are today, I think your motion at
4 ECF 1959's presupposing that the only way to get at this
5 information is through 2004. And I'm suggesting, to the
6 extent there are problematic arrangements out there, if any,
7 that needs to be disclosed under 2019. And that your motion
8 should be adjourned for tracking to see what gets filed and
9 then if additional discovery is necessary or sought, I
10 presume you would file an amended motion narrowing the scope
11 of what you're looking for and explaining to me why a
12 deposition or document production is necessary, given what is
13 actually filed after today.

14 **MR. PLEVIN:** Your Honor, I think that's fair. The
15 language you read I guess is explaining that this motion is
16 sort of a belt and suspenders motion and given how you're
17 construing Rule 2019, I guess the suspenders are not needed.
18 The belt is sufficient.

19 And certainly if there's any failure to comply with the
20 language the Court suggested, we can come back to the Court.
21 If there's any need for a deposition, whether it's to
22 authenticate documents or ask questions about the documents
23 that are disclosed or the financing that's disclosed, we can
24 come back with another motion at that time. So I think
25 that's a --

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1 **THE COURT:** And you wouldn't even --

2 **MR. PLEVIN:** -- reasonable suggestion.

3 **THE COURT:** -- need another motion, Mr. Plevin.

4 What I'd suggest is just for tracking purposes we
5 adjourn your motion for 30 days or so. And then subject to a
6 further adjournment, if you need it, then you would only need
7 to file an amended motion presumably narrowing or putting a
8 finer focus on exactly what you need further information
9 about in reaction to what gets filed. That would make at
10 least my review of that motion a lot more surgically precise.

11 **MR. PLEVIN:** That's acceptable, your Honor.

12 **THE COURT:** How about for tracking purposes we adjourn
13 that motion at ECF 1959 to 11 a.m. on May 24, if that works
14 for everyone for tracking purposes.

15 **MR. SHARF:** Your Honor the only issues with that day is
16 I think a lot of us are going to be in a mediation in the
17 Diocese of Buffalo case.

18 **THE COURT:** Okay.

19 **MR. SHARF:** I suppose we can take a break and all dial
20 in at 11 a.m., if that's appropriate. So I think I think
21 that works.

22 **THE COURT:** I hate to do Fridays, just out of respect
23 for your -- I know a lot of you travel and it's difficult, I
24 think, catching planes and going where you need to go. But
25 I've got openings on that Thursday. We don't have a motion

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1 term so I could do the 25th at 11 or the 26th at 11 but
2 that's the Friday before Memorial Day.

3 **MR. DONATO:** Your Honor --

4 **MR. SHARF:** Your Honor -- Sorry.

5 I think personally I'd prefer to keep it on the 24th. I
6 think we'll all be, a lot of us will be in the same building
7 that day. The 25th I think is actually going to be a travel
8 day for people going back to Buffalo and the 26th happens to
9 be a Jewish holiday that I'll be available.

10 **THE COURT:** Okay. Let's do this on the 24th. I'll put
11 it on for 11 but I'll be completely flexible so if somebody
12 touches base with chambers and says, hey, look, it's going to
13 be more like 1:00 when we have a ten-minute break to talk,
14 we'll be available. I'll do it at 11 for tracking and then
15 we'll keep our calendar open and we'll adjust to your
16 schedule so that we can accommodate you.

17 **MR. DONATO:** Thank you, your Honor.

18 **MR. SHARF:** Thank you, your Honor.

19 **THE COURT:** So it's May 24 at 11 for tracking and,
20 again, on a sliding scale depending on what needs to happen
21 that day, given your other commitments.

22 So, as far as I can tell --

23 **MR. PLEVIN:** And your Honor --

24 **THE COURT:** Yes.

25 **MR. PLEVIN:** Just so that that 30-day period works, I'm

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1 going to work with Mr. Scharf as soon as possible to try to
2 settle the order and so we can get these Rule 2019 statements
3 in and that way I can do the review that you suggested I
4 should do, you know, either narrow this or withdraw the
5 motion if there's been compliance. So --

6 **THE COURT:** Okay.

7 **MR. PLEVIN:** -- I just wanted to note that I'll be
8 looking forward to working with Mr. Scharf on this and
9 getting an order into the Court on the previous matter, the
10 Rule 2019 motion as soon as possible.

11 **THE COURT:** Thank you.

12 So I think that takes care of the three motions that
13 were actually scheduled for today.

14 But I know that, based on what got filed, I think this
15 morning, with respect to the claim objections by CNA, and the
16 Committee's motion at ECF 2063 to dismiss those claim
17 objections, I know there was a letter filed and I have it in
18 front of me, with respect to scheduling that I think you
19 wanted to chat about briefly today.

20 I looked at the motion. I looked at your letter and let
21 me tell you what I'm inclined to do.

22 Your May 1st date where CNA's going to respond to the
23 motion is fine with me.

24 May 4, the letter suggests that the Court will hear the
25 motion. I'll hear the motion on the papers. We're not going

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1 to have a hearing.

2 If you haven't figured this out yet, I really, for the
3 most part, don't find oral argument at the trial court level
4 particularly helpful. If, after reviewing the response, I
5 need oral argument, we will immediately let you know that.
6 That May 4 at 11 will be for my edification to ask any
7 questions that I had in terms of amplification of what's been
8 submitted.

9 The next paragraph says May 4 at 11 or as soon
10 thereafter as the Court wishes. I just wrote "no" under
11 May 4 at 11 and put a box around "as soon thereafter as the
12 court wishes".

13 What I'm going to do is as quickly as possible after
14 May 4th is get you a written decision on the standing issue
15 and in that decision set a date for the status conference
16 which would probably be very quickly or at least ordering you
17 all to confer and suggest dates that you're available for a
18 status conference so that we can set discovery orders and the
19 like, assuming I find standing. Does that work for you?

20 **MR. PLEVIN:** Your Honor, it does. We want to keep this
21 process moving. We understood the logic of the Committee's
22 position that the standing issue is a gating issue and should
23 be heard first. And so based on that, we were amenable to
24 adjourning the merits of the claims objections from May 4,
25 which is when they were scheduled, so that we could address

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1 the standing issue first.

2 But if your Honor does find that we have standing --
3 which obviously we think you should find -- we would want to
4 have a status conference shortly thereafter so that we can
5 keep this thing moving.

6 **THE COURT:** Right. Assuming, assuming a decision finds
7 there's standing -- and I haven't studied it yet -- the last
8 sentence of the decision would say, you know, the parties
9 should meet and confer promptly to suggest available dates
10 for a prompt status conference.

11 You know, having been in front of me now for three and a
12 half years, I think you all know when I take things under
13 submission, you don't wait a very long time for a decision
14 and you should expect that to be the case here. There will
15 be a decision issued very promptly after the May 4th date
16 comes and goes -- actually the May 1st date comes and goes.

17 Does that work for you?

18 **MR. PLEVIN:** Your Honor, just to clarify, then, there
19 will not be a hearing on May 4 --

20 **THE COURT:** I don't --

21 **MR. PLEVIN:** -- unless we hear otherwise from the Court?

22 **THE COURT:** I really don't at this point. It's hard for
23 me to imagine that I would need to hear oral argument after
24 your papers are submitted. I've read the motion. It's very
25 clear what the Committee's position is and I have no doubt

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1 your papers will be very clear in what CNA's position is.

2 Again, you know, again, as a trial judge, my view of
3 oral argument is really at the appellate level. And the
4 appellate judges won't tell you this, but the reason they
5 like oral argument is to convince their colleagues on the
6 panel that their view of the issue is the correct view. It's
7 to persuade the other judges. That's my view of oral
8 argument at the appellate level.

9 At the trial court level, you know, I'll let you know if
10 we need oral argument, if an issue's just not been made clear
11 enough. But my experience with the lawyers in this case,
12 I've yet to see an issue that hasn't been well-presented both
13 pro and con on any issue we've seen so far. So I would be
14 surprised if I felt the need for oral argument on this issue.

15 So why don't we do that. Then your May 1 date at 11
16 a.m., I'll expect to see CNA's response to the Committee's
17 motion that was filed at 2063 and we'll get going on that
18 issue.

19 In the meantime, the motion at ECF 216 in the Adversary
20 proceeding is under submission and the Court will get a
21 written decision out as quickly as humanly possible on that
22 issue, as well.

23 With that, I think we've covered everything that was on
24 today's agenda. Does someone wish to be heard on a matter
25 that I've not yet covered or that I missed?

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1 (No response.)

2 **THE COURT:** Okay. Well, then, I want to thank you all
3 for participation today and for the papers that you
4 submitted. They've been quite helpful in helping the Court
5 at least focus on these issues.

6 I hope you all have a good rest of the day and, again,
7 I'll get a decision out on the 216 motion in the Adversary as
8 quickly as possible and look forward to seeing the papers
9 that are filed on May 1st or before May 1st. With that I
10 hope you all have a good day and thank you for participating,
11 we will be in recess and off the record.

12 Thank you, everyone.

13 (Parties say thank you.)

14 (WHEREUPON, proceedings recessed.)

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CERTIFICATE OF TRANSCRIBER

In accordance with 28, U.S.C., 753(b), I
certify that this is a true and correct record of proceedings
from the official electronic sound recording of the
proceedings held in the United States Bankruptcy Court
for the Western District of New York before the
Honorable Paul R. Warren on April 19, 2023.

S/ Diane S. Martens

Diane S. Martens
Transcriber

EXHIBIT C

Committee Opinion
September 20, 1982

LEGAL ETHICS OPINION 478

CONFLICT OF INTERESTS/
REPRESENTATION OF MULTIPLE
CREDITORS.

It is not improper for an attorney to represent several creditors against a single debtor, if, after full disclosure to each creditor, all creditors consent to the multiple representation and concur as to the distribution of any funds collected should the amount be inadequate to pay fully each creditor's claim. [See DR:5-105, EC:5-14 et seq., LE Op. 210, and LE Op. 231.]

Committee Opinion
September 20, 1982