

FOLEY & LARDNER LLP

Jeffrey R. Blease (CA Bar No. 134933)
Tel: (617) 226-3155; jblease@foley.com
Thomas F. Carlucci (CA Bar No. 135767)
Tel: (415) 984-9824; tcarlucchi@foley.com
Shane J. Moses (CA Bar No. 250533)
Tel: (415) 438-6404; smoses@foley.com
Emil P. Khatchatourian (CA Bar No. 265290)
Tel: (312) 832-5156; ekhatchatourian@foley.com
Ann Marie Uetz (pro hac vice application pending)
Tel: (313) 234-7114; auetz@foley.com
Matthew D. Lee (pro hac vice application pending)
Tel: (608) 258-4203; mdlee@foley.com
555 California Street, Suite 1700
San Francisco, CA 94104-1520

*Proposed Counsel for the Debtor
and Debtor in Possession*

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

In re:

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

Debtor.

Case No. 23-40523

Chapter 11

**DEBTOR’S MOTION FOR INTERIM AND
FINAL ORDERS AUTHORIZING THE
DEBTOR TO (I) (A) CONTINUE EXISTING
CASH MANAGEMENT SYSTEM, (B)
HONOR CERTAIN PREPETITION
OBLIGATIONS RELATED TO THE USE
THEREOF, (C) CONTINUE
INTERCOMPANY ARRANGEMENTS,
(D) MAINTAIN EXISTING BANK
ACCOUNTS AND BUSINESS FORMS, AND
(E) CONTINUE USE OF EXISTING CREDIT
CARD ACCOUNTS; AND (II) WAIVE
CERTAIN REQUIREMENTS OF 11 U.S.C. §
345(b)**

Judge: Hon. William J. Lafferty

Date: TBD

Time: TBD

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

Table of Contents

1

2 I. INTRODUCTION.....2

3 II. JURISDICTION.....3

4 III. BACKGROUND FACTS.....3

5 A. General Background3

6 B. The Cash Management System and Bank Accounts7

7 C. Unrestricted Bank Accounts.....9

8 D. Restricted Bank Accounts 10

9 1. Bishop’s Ministries Appeal Account..... 11

10 2. Insurance Accounts 11

11 3. Utility Adequate Assurance 14

12 4. Held-In-Trust Accounts 15

13 E. Intercompany Transactions 18

14 F. Credit Card Accounts.....20

15 G. Bank and Payment Processing Fees.....21

16 H. The Debtor’s Existing Business Forms and Checks.....22

17 IV. RELIEF REQUESTED23

18 V.BASIS FOR RELIEF24

19 A. Continuation of the Cash Management System is in the Best Interests of the
20 Debtor and All Other Parties in Interest.....24

21 B. Continued Performance of Intercompany Transactions Is Warranted.....29

22 C. Continued Use of the Debtor’s Credit Card Accounts is Warranted.....30

23 D. Maintenance of the Debtor’s Existing Bank Accounts and Business Forms is
24 Warranted31

25 E. Waiver of the Requirements of Section 345(b) of the Bankruptcy Code Is
26 Warranted34

27 F. Basis for Relief Under Bankruptcy Rule 6003(b)36

28 G. Basis for Waiver of Bankruptcy Rule 6004(h).....37

VI. RESERVATION OF RIGHTS37

VII. NOTICE.....38

VIII. CONCLUSION.....38

Table of Authorities

Page(s)

Cases

In re Adams Apple, Inc.,
829 F.2d 1484 (9th Cir. 1987) 34

In re Anchorage Nautical Tours, Inc.,
145 B.R. 637 (B.A.P. 9th Cir. 1992)..... 30

Matter of B & W Enterprises, Inc.,
713 F.2d 534 (9th Cir. 1983) 32, 33

Berg & Berg Enterprises, LLC v. Boyle,
178 Cal. App. 4th 1020 (2009) 29

In re Chateaugay Corp.,
80 B.R. 279 (S.D.N.Y. 1987)..... 33

Czyzewski v. Jevic Holding Corp.,
137 S. Ct. 973 (2017) 31

In re Curry & Sorensen, Inc.,
57 B.R. 824 (B.A.P. 9th Cir. 1986)..... 31

In re Eagle-Picher Indus., Inc.,
124 B.R. 1021 (Bankr. S.D. Ohio 1991) 32

F.D.I.C. v. Castetter,
184 F.3d 1040 (9th Cir. 1999) 29

In re Financial News Network, Inc.,
134 B.R. 732 (Bankr. S.D.N.Y. 1991) 32

In re First Protection, Inc.,
440 B.R. 821 (B.A.P. 9th Cir. 2010)..... 26

Gordon v. Hines (In re Hines),
147 F.3d 1185 (9th Cir. 1998) 35

In re Gulf Air,
112 B.R. 152 (Bankr. W.D. La. 1989) 33

In re Ionosphere Clubs, Inc.,
98 B.R. 174 (Bankr. S.D.N.Y. 1989) 28

In re Just For Feet, Inc.,
242 B.R. 821 (D. Del. 1999)..... 31

Meoli v. Am. Med. Serv. of San Diego,
287 B.R. 808 (S.D. Cal. 2003)..... 26

Miltenberger v. Logansport, C&S W.R. Co.,
106 U.S. 286 (1882)..... 31

In re Nellson Nutraceutical, Inc.,
369 B.R. 787 (Bankr. D. Del. 2007) 27

In re NVR L.P.,
147 B.R. 126 (Bankr. E.D. Va. 1992)..... 32

In re OccMeds Billing Servs., Inc.,
Case No. 07-28444, 2008 WL 73690 (Bankr. E.D. Cal. Jan. 3, 2008)..... 27

Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.),
147 B.R. 650 (S.D.N.Y. 1992)..... 28

1	<i>In re Pettit Oil Co.</i> ,	
2	No. 13-47285, 2015 WL 6684225 (Bankr. W.D. Wash. Oct. 22, 2015).....	34
3	<i>In re Roth Am., Inc.</i> ,	
4	975 F.2d 949 (3d Cir. 1992)	26
5	<i>Scouler & Co., LLC v. Schwartz</i> ,	
6	No. 11-CV-06377 NC, 2012 WL 1502762 (N.D. Cal. Apr. 23, 2012).....	29
7	<i>In re Serv. Merch. Co.</i> ,	
8	240 B.R. 894 (Bankr. M.D. Tenn. 1999).....	44
9	<i>In re Structurlite Plastics Corp.</i> ,	
10	86 B.R. 922 (Bankr. S.D. Ohio 1988).....	33
11	<i>Smith v. Van Gorkom</i> ,	
12	488 A.2d 858 (Del. 1985).....	29

Statutes

13	11 U.S.C. §§ 101-1532.....	1
14	11 U.S.C. §§§§§ 105(a), 345(b), 363(b), 363(c), and 364(a).....	1, 4, 30, 33
15	11 U.S.C. § 105.....	30
16	11 U.S.C. § 345.....	42, 43, 44
17	11 U.S.C. § 345(a)	41, 42
18	11 U.S.C. § 345(b)	passim
19	11 U.S.C. §§ 363 and 105(a)	25, 26, 28
20	11 U.S.C. § 363(b)	28
21	11 U.S.C. § 363(b)(1).....	28
22	11 U.S.C. § 363(c)	27
23	11 U.S.C. § 363(c)(1).....	passim
24	11 U.S.C. § 364(a)	37
25	11 U.S.C. § 365.....	46
26	11 U.S.C. § 366.....	16
27	11 U.S.C. §§ 1107 and 1108.....	26
28	11 U.S.C. §§ 1107(a) and 1108	5, 30
29	28 U.S.C. § 157(b)	4
30	28 U.S.C. §§ 157 and 1334.....	4
31	28 U.S.C. §§ 1408 and 1409.....	4
32	31 U.S.C. § 9303.....	41
33	31 U.S.C. § 9303(a)	41
34	42 U.S.C. §§ 2000bb-2000bb-4	46
35	California Corporations Code §§ 10000-10015	46

Rules

36	Fed. R. Bankr. P. Rules 6003 and 6004	1, 4, 46
37	Fed. R. Bankr. P. 6003(b).....	45

1 The Roman Catholic Bishop of Oakland, a California corporation sole, and the debtor and debtor
2 in possession (the “Debtor” or “RCBO”) in the above-captioned chapter 11 bankruptcy case (the “Chapter
3 11 Case” or the “Bankruptcy Case”), hereby files this motion (the “Cash Management Motion”), pursuant
4 to sections 105(a), 345(b), 363(b), 363(c), and 364(a) of title 11 of the United States Code, 11 U.S.C. §§
5 101-1532 (the “Bankruptcy Code”), and Rules 6003 and 6004 of the Federal Rules of Bankruptcy
6 Procedure (the “Bankruptcy Rules”), requesting interim and final authority, in the ordinary course of
7 business and consistent with the Debtor’s prepetition practices, to (i)(a) continue operating its existing
8 cash management system (the “Cash Management System”), as described in this Cash Management
9 Motion, including the continued maintenance of existing bank accounts at the Debtor’s banks
10 (collectively, the “Banks”), (b) honor certain prepetition obligations related to the Cash Management
11 System, (c) continue certain intercompany arrangements among the Debtor and certain of its non-Debtor
12 affiliates, (d) maintain existing bank accounts and business forms, and (e) continue use of existing credit
13 card accounts; and (ii) waive certain requirements of section 345(b) of the Bankruptcy Code to the extent
14 they apply to the Debtor’s bank accounts.

15 By a separate application, the Debtor is requesting an order shortening time for notice and setting
16 a hearing on this matter and other first day motions on an expedited basis.

17 This Cash Management Motion is based on the Memorandum of Points and Authorities set forth
18 herein, the notice of hearing on first day motions filed by the Debtor, the *Declaration of Charles Moore,*
19 *Managing Director of Alvarez & Marsal North America, LLC, Proposed Restructuring Advisor to the*
20 *Roman Catholic Bishop of Oakland, in Support of Chapter 11 Petition and First Day Pleadings* (the “First
21 Day Declaration”) filed concurrently herewith and incorporated herein by reference and upon such oral
22 and documentary evidence as may be presented at the hearing on the Cash Management Motion.

23 The Debtor’s proposed forms order granting the relief requested herein on an interim basis (the
24 “Interim Order”) and a final basis (the “Final Order”) are attached hereto as **Exhibit A** and **Exhibit B**.

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

1. The Debtor maintains a centralized and integrated Cash Management System, consisting of a network of 14 bank accounts (each, a “Bank Account” and collectively, the “Bank Accounts”) and one investment account used by the Debtor in the ordinary course of operations. This Cash Management System is essential to the operations of the Debtor, the Central Services Administration of the Diocese (the “Chancery”), and the Debtor’s churches and related non-debtor entities. The Debtor’s Cash Management System is typical of those employed by other dioceses. It is critical that the Cash Management System remain intact during this Bankruptcy Case to ensure a seamless transition into bankruptcy, and smooth financial operations of RCBO during the case.

2. As described in more detail below, the Cash Management System is comprised of (a) Bank Accounts into which unrestricted receipts and other receivables generated are collected and from which funds are subsequently disbursed to pay the general operating expenses of the Chancery and other ordinary course obligations of the Debtor (collectively, the “Unrestricted Bank Accounts”), (b) Bank Accounts into which restricted, entrusted, and/or insurance-related pass-through funds are collected and from which funds are subsequently disbursed or otherwise transferred to the intended beneficiaries or recipients (collectively, the “Restricted Bank Accounts”), and (c) a single investment account. A diagram illustrating the general movement of cash throughout the Cash Management System, as it exists on the Petition Date, is attached hereto as Exhibit C.

3. If the Debtor were not able to continue its existing maintenance and use of these accounts the result would be catastrophic disruption to the Debtor, its 82 churches, and the related schools, cemeteries and other organizations that the Chancery supports. For these reasons and as further set forth below, the relief requested herein is appropriate and necessary.

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II. JURISDICTION

4. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b), the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order No. 24 (N.D. Cal.), and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California (the “Bankruptcy Local Rules”). Venue for this matter is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

5. The legal bases for the relief requested herein are sections 105(a), 345(b), 363(b), 363(c), and 364(a) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004.

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III. BACKGROUND FACTS

A. General Background

6. On the date of this Motion (the “Petition Date”), the Debtor caused its attorneys to file a voluntary petition for chapter 11 bankruptcy relief under Bankruptcy Code. The Debtor continues to operate its ministry and manage its properties as a debtor in possession under sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee has been appointed in this Chapter 11 Case.

7. The Debtor is a corporation sole organized under the laws of the State of California. The Debtor conducts its civil affairs under the laws of the State of California and the United States of America and in accordance with the Code of Canon Law (“Canon Law”), the ecclesiastical law of the Roman Catholic Church (the “Catholic Church”).

8. The Diocese of Oakland was established by the Holy See on January 13, 1962 as the spiritual home of the Catholic Church in Northern California. The diocese spans roughly 1,467 square miles and encompasses two counties, Alameda and Contra Costa. The diocese is situated along the eastern shore of the San Francisco Bay.

1 9. The Debtor estimates that it serves nearly 550,000 resident Catholics and assists
2 approximately 260,000 people through its ministry and charitable services. The Debtor has been under the
3 leadership of the incumbent bishop, Most Reverend Michael C. Barber, SJ (“Bishop Barber” or the
4 “Bishop”), since his appointment on May 25, 2013. The diocese includes 82 parishes and missions and
5 is home to 159 diocesan priests, 160 religious priests, 35 extern priests and 118 permanent deacons.

6 10. The Debtor provides resources, programming, spiritual leadership, and other key services
7 and support to local Catholics and the East Bay community at large, including substantial support for the
8 poor and for minority communities. The ministry of the Debtor is therefore critical to not only the faithful
9 within the diocese, but also to the public-at-large, including non-Catholics.

10 11. To carry out its Catholic mission, the Debtor works closely with its 82 parish churches (the
11 “Churches”). The Churches play a central role in the lives of Catholics living within the diocese by
12 administering key aspects of the Catholic Faith, including baptism, education, communion, Mass,
13 confirmation, marriage, and bereavement, including last rites, funeral services and grief support. In this
14 way, the Churches provide the critical connection between the Debtor and the faithful from the beginning
15 of life to the end.

16 12. None of the Churches within the diocese are separately incorporated entities under
17 California law. To the extent the Bishop holds goods belonging to a parish—including, for example, real
18 and personal property—he does so in trust for the benefit of the applicable Church.

19 13. Through common missions, the Debtor is affiliated with certain entities that are separately
20 incorporated under California law and which are not debtors in this Bankruptcy Case (each such affiliated
21 incorporated entity a “Non-Debtor Catholic Entity,” and collectively, the “Non-Debtor Catholic Entities”).
22 The Debtor provides administrative services (centralized human resources, accounting, and financial
23 management) and programmatic support services to certain Non-Debtor Catholic Entities in support of
24 their religious, educational and charitable missions. Each Non-Debtor Catholic Entity operates
25 independently and accounts for its operations separately. None of the Non-Debtor Catholic Entities have
26 sought relief under chapter 11 or are debtors in this Bankruptcy Case.

1 14. Among the affiliates of the Debtor are the Non-Debtor Catholic Entities. This includes,
2 without limitation, the Roman Catholic Welfare Corporation of Oakland, a California nonprofit religious
3 corporation (“RCWC”), and the Roman Catholic Cemeteries of the Diocese of Oakland, a California
4 corporation (“RCC”). RCWC oversees 32 elementary schools and two high schools. RCC operates and
5 administers the six diocesan cemeteries, five diocesan mortuaries, two mausoleums, and one
6 crematory. RCC is also the Debtor’s secured lender.

7 15. Under Canon Law, a diocese is “a portion of the people of God which is entrusted to a
8 bishop for him to shepherd with the cooperation of the presbyterium....” (c. 369). As such, a diocese is
9 inherently *territorial*, comprised of a specific geographic area and the faithful within it. A diocese
10 conducts its civil affairs for the practice of the Catholic Church within that geographic area and for the
11 faithful within the area.

12 16. Also under Canon Law, every diocese is divided into distinct parts, known as parishes, that
13 are ecclesiastical entities consisting of communities of the faithful whose pastoral care is entrusted to a
14 pastor (i.e., a priest) whom the bishop appoints to serve the parish to which he is assigned. (cc. 374 §1,
15 515 §1.)

16 17. Each diocese, and each parish within a diocese, is a separate public juridic person. (cc.
17 573, 515 §3.) The administration of property belonging to a juridic person pertains to its administrator,
18 such as the diocesan bishop over the property of a diocese, and the priest over the property of a parish.
19 (cc. 393, 532.) Each such administrator is obligated to acquire, hold, administer, and/or alienate such
20 property in accordance with Canon Law (c. 1257), which requires that property held by any juridic
21 person—diocese, parish, or otherwise—must be used for the purposes of the Catholic Church. The bishop
22 is responsible for administering the property belonging to the diocese, and each pastor is responsible for
23 being the exclusive administrator of the property belonging to his parish. Similarly, the pastoral care of
24 the faithful across the entire diocese is entrusted to the bishop, whereas the pastoral care of the faithful
25 within each particular parish is entrusted to the pastor for the parish.

26 18. Addressing the needs of victim-survivors of clergy sexual abuse, and the protection of
27 children, have long been priorities of the Debtor. More than a decade before the U.S. Conference of
28

1 Catholic Bishops adopted in the Spring of 2002 the *Charter for the Protection of Children and Young*
2 *People* (the “Charter”), the Debtor established a “Sensitive Issues Committee” to assist the bishop in
3 reviewing and handling allegations of sexual abuse by persons acting in the name of the Catholic Church.

4 19. Following the Charter’s adoption, the Sensitive Issues Committee was renamed the
5 Diocesan Review Board in 2003 and again renamed the Minor Diocesan Review Board in 2022 (the
6 “MDRB”). The MDRB actively functions today. Its five lay members (including a victim-survivor of
7 clergy sexual abuse and business consultant, a former district attorney, a social worker, a retired
8 educational administrator, and a lay pastoral associate) and three clergy members meet at least quarterly
9 to assess allegations and make recommendations on the handling of those allegations of sexual abuse of
10 children by clergy. This consultative body is critical to the Debtor’s work to address crimes against
11 children. The MDRB works with the bishop to analyze and properly respond to claims so credibility can
12 be determined and acted upon in the best interest of the victim-survivor.

13 20. In 2004, the Debtor began developing specific “safe environment” trainings for all adults
14 – whether volunteer or employed – who serve in the diocese. The Debtor gives rigorous attention to
15 training materials and teaches adult parish and school leaders to facilitate the training program. Processes
16 have been put in place to refer anyone with claims regarding clergy sexual abuse to law enforcement and
17 Debtor representatives for assistance.

18 21. The Office of Safe Environment has continually improved the content of its trainings and,
19 when online platforms became available, former Bishop John S. Cummins approved their use. In 2016,
20 Bishop Barber moved the training program to an online synchronous platform provided by The National
21 Catholic Risk Retention Group known as Virtus, an international leader in abuse awareness training. The
22 Debtor now has local safe environment coordinators in each of the Churches. There are local safe
23 environment coordinators in every Catholic school within the diocese.

24 22. In the State of California, there have been two “open window” periods allowing individuals
25 to bring claims under civil law for childhood sexual abuse which otherwise were barred because the statute
26 of limitations (prescription) had expired. In 2002, the California Legislature permitted certain expired
27 claims of childhood sexual abuse not only against the perpetrators but also against third-party defendants
28

1 (like the Debtor) for a one-year period starting January 1, 2003 (the “First Legislation”). The Debtor paid
2 approximately \$56,000,000 to 52 plaintiffs in settlement of claims brought in the wake of the First
3 Legislation.

4 23. On October 13, 2019, Governor Gavin Newsom signed into law California Assembly Bill
5 No. 218 (“AB 218”). AB 218 revived the statute of limitations for individuals to file civil lawsuits for
6 childhood sexual abuse. This allowed certain individuals to bring what had been time-barred claims
7 against individuals and entities for such claims through and including December 31, 2022. As of May 4,
8 2023, there were approximately 332 separate, active lawsuits or mediation demands pending against the
9 Debtor filed by plaintiffs alleging sexual abuse by clergy or others associated with the Debtor.¹

10 24. In this Chapter 11 Case, the Debtor will pursue a plan of reorganization that will (a) ensure
11 a fair and equitable outcome for victim-survivors of sexual abuse, and (b) allow the Debtor to stabilize its
12 finances, continue its mission to serve the needs of the faithful within the diocese, and continue to provide
13 services to underserved people and groups in the East Bay.

14 25. Additional information regarding the Debtor, its mission, ministries, and operations, and
15 the events and circumstances preceding the Petition Date is set forth in the First Day Declaration.

16 **B. The Cash Management System and Bank Accounts**

17 26. The Cash Management System is managed by employees of the Debtor who work in the
18 Chancery. The Chancery oversees certain accounting, business development and strategic planning,
19 human resources, information systems, property management services, education services, and key
20 operations for the Debtor. The Chancery also oversees the ministry, mission, and social service activities
21 of the Debtor and the Churches, and provides training, resources, and leadership for those activities.

22 27. In the ordinary course of operations, the Chancery processes deposits, payments, transfers,
23 and disbursements in support of the Debtor’s mission, ministries, and day-to-day operation of the
24 Chancery.

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27 ¹ It is the Debtor’s understanding that there is a backlog associated with the processing of these cases in the Clerk’s Office for
28 Alameda County, and it is possible that other timely filed claims will be processed after the filing of this case of which the
Debtor is not currently aware.

1 28. The Debtor, Churches, and Non-Debtor Catholic Entities each maintain separate banking
2 and accounting systems. However, the Debtor’s Cash Management System serves as a centralized
3 “clearing house” operated and managed solely by the Debtor, to facilitate and fulfill key administrative
4 functions of the Chancery and to handle certain cash management needs of the Churches and Non-Debtor
5 Catholic Entities.

6 29. Payments and transfers flow through the Cash Management System in order to satisfy the
7 Debtor’s obligations relating to, among other things, payroll, withholding taxes, employee benefits,
8 insurance programs (*e.g.*, general liability, automobile, earthquake, real property, worker’s compensation,
9 and health insurance), vendors and service providers, and restricted gifts and donations. In addition, these
10 payments and transfers are necessary to fund and facilitate the diocese’s ministries and day-to-day
11 operations of the Chancery.

12 30. The Debtor maintains fourteen (14) Bank Accounts. Of these Bank Accounts, thirteen (13)
13 are maintained at either Union Bank, N.A. or U.S. Bank, N.A. (“U.S. Bank”)² and one (1) is maintained
14 at Citibank, N.A. (“Citi”). All of the Bank Accounts are maintained at Banks designated as authorized
15 depositories by the Office of the United States Trustee for Region 17 (the “U.S. Trustee”) under the U.S.
16 Trustee’s Guidelines (the “UST Guidelines”). The Debtor also maintains an investment account at
17 Charles Schwab & Co., Inc. (“Schwab”). Schwab is not an authorized depository under the UST
18 Guidelines. A list of the Debtor’s accounts is attached to this Cash Management Motion as **Exhibit D**.

19 31. The Debtor routinely deposits, withdraws, disburses, and otherwise transfers money to,
20 from, and between the Bank Accounts by various methods, including checks, drafts, automated clearing
21 house (“ACH”) transfers, and other electronic funds transfers.

22 32. The Debtor maintains robust controls relating to the Cash Management System. It is
23 administered by personnel in the Financial Services Department of the Debtor’s Division of Resources
24 (the “Financial Services Department”). The Financial Services Department manages all aspects of the
25

26
27 ² Union Bank was acquired by U.S. Bancorp in December 2022. It is anticipated that Union Bank will assume the flag of U.S.
28 Bancorp’s primary retail bank, U.S. Bank, N.A., and convert all deposit accounts to U.S. Bank within the next several weeks.
For simplicity, the Debtor will refer to both Union Bank and U.S. Bank as “U.S. Bank.”

1 Cash Management System, including managing and accounting for cash collection, cash reconciliation,
2 wire transfers, ACH transfers, payroll, and insurance-related payments. It also manages receipts, transfers,
3 and disbursements relating to the Churches and Non-Debtor Catholic Entities.

4 33. The Financial Services Department also maintains the Debtor's accounting and financial
5 records. These are updated and reconciled on a monthly basis. Under the oversight of the Debtor's Chief
6 Financial Officer, the Financial Services Department reconciles all Bank Account balances against the
7 Debtor's books and records. Although some recurring electronic payments are made automatically,
8 disbursements by wire transfer require dual approval, and disbursements by check are reconciled before
9 they clear. Depending on the size and type of the disbursement, advance authorization is required for the
10 release of certain disbursements.

11 **C. Unrestricted Bank Accounts**

12 34. In the ordinary course of operations, the Debtor collects unrestricted cash receipts relating
13 to, among other things, assessments from the Churches, rent revenue, events/programming income,
14 management fees, and unrestricted gifts, grants, and bequests. The Unrestricted Bank Accounts are
15 identified as such in **Exhibit D**. Funds held in the Unrestricted Bank Accounts are accounted for
16 individually and kept separate from the restricted funds of the Debtor that are held in the Restricted Bank
17 Accounts.

18 35. *Church Assessments Account*. In the ordinary course of business, the Debtor periodically
19 collects assessments from the Churches (collectively, "Church Assessments"). Generally, Church
20 Assessments are calculated using a formula that considers the aggregate amount of collections and other
21 receipts at the Churches during a defined period of time. The Churches pay their respective Church
22 Assessments to the Debtor periodically throughout the calendar year in intervals chosen by the Churches
23 at their discretion. The Debtor deposits the Church Assessments in the Unrestricted Bank Account held
24 at U.S. Bank (Acct. No. xx1325) (the "Unrestricted Church Assessments Money Market Account"). Funds
25 deposited in the Unrestricted Church Assessments Money Market Account currently earn 3% annual
26 interest.

1 36. The Debtor intends for the funds deposited in the Unrestricted Church Assessments Money
2 Market Account to remain in place until needed to fund its Chancery operations and related expenditures.

3 37. *Checking Accounts.* In the ordinary course of business, the Debtor receives, among other
4 things, rent revenue, events/programming income, management fees, and unrestricted gifts, grants, and
5 bequests, and unrestricted gifts, grants, and bequests (collectively, "Other Chancery Revenues"). The
6 debtor maintains two primary checking accounts, one at Union Bank (the "Unrestricted General Operating
7 Account") (Acct. No. xx5713) and one at US Bank (the "Unrestricted Checking Account") (Acct. No.
8 xx1333). The Debtor deposits Other Chancery Revenues into the Unrestricted Checking Account. The
9 Debtor holds cash received on a prepetition basis in the Unrestricted General Operating Account.

10 38. The Debtor also maintains, in the ordinary course of business, a checking account held at
11 Union Bank (Acct. No. xx3154) that is used by the Bishop for business expenses (the "Unrestricted
12 Bishop's Checking Account") incurred in the course of the Bishop carrying out his official duties. The
13 Debtor generally maintains a balance of approximately \$5,000 in the Unrestricted Bishop's Checking
14 Account. It moves funds into the Unrestricted Bishop's Checking Account as needed from the
15 Unrestricted General Operating Account.

16 39. *Unrestricted Money Market Accounts.* The Debtor maintains two (2) savings accounts held
17 at U.S. Bank (Acct. No. x1390 and Acct. No. x1408) (the "Unrestricted Money Market Accounts").
18 Unrestricted Money Market Account No. x1390 houses the proceeds of the prepetition loan the Debtor
19 received from The Oakland Parochial Fund, Inc. Unrestricted Money Market Account No. x1408 contains
20 approximately \$10,000 in cash and will be used to hold funds realized by the Debtor's estate from asset
21 sales, if any, that close during the pendency of this Bankruptcy Case. Funds deposited in the Money
22 Market Accounts currently earn 3% annual interest.

23 **D. Restricted Bank Accounts**

24 40. In the ordinary course of business, the Debtor holds (a) funds on behalf of others that work
25 with the Debtor to advance the diocese's mission and ministries, and (b) funds subject to donor restrictions
26 that limit their use to specific purposes. The Restricted Bank Accounts are identified as such in Exhibit
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1 **D.** Funds held in the Restricted Bank Accounts are accounted for individually and kept separate from the
2 general operating funds of the Debtor that are held in the Unrestricted Bank Accounts.

3 1. Bishop's Ministries Appeal Account

4 41. The Bishop's Ministries Appeal (the "BMA") is an annual fundraising campaign that
5 supports the Churches and Diocesan ministries and programs. Funds raised through the BMA
6 (collectively, the "BMA Gifts") are solicited specifically to fund the particular ministries and programs
7 that the BMA was designed to support and facilitate and thus are used only for those particular ministries
8 and programs. The BMA is described in greater detail in the First Day Declaration. The Debtor collects
9 the BMA Gifts in the Restricted Bank Account held at US Bank (Acct. No. xx1341) (the "Restricted BMA
10 Account") in order to keep those restricted-purpose funds segregated from the Debtor's general operating
11 funds. The Debtor funds the specific programs and ministries supported by the BMA and related
12 expenditures from the BMA Gifts that flow through the Restricted BMA Account.

13 2. Insurance Accounts

14 42. The Debtor maintains three (3) Bank Accounts to support its insurance programs
15 (collectively, the "Insurance Accounts"). The Insurance Accounts are identified as such in **Exhibit D.**
16 The funds in the Insurance Accounts are held to segregate required payments to the providers and
17 insurance carriers associated with the Debtor's insurance programs. Additional information on the
18 insurance programs and the relief the Debtor is requesting with respect to the funds held in the Insurance
19 Accounts can be found in the *Debtor's Motion for Interim and Final Orders Authorizing the Debtor to (I)*
20 *Pay Prepetition Employee Wages, Salaries, Benefits and Other Related Items; (II) Reimburse Prepetition*
21 *Employee Business Expenses; (III) Continue Employee Benefit Programs; (IV) Pay All Costs and*
22 *Expenses Incident to the Foregoing* (the "Wages and Benefits Motion") and the *Debtor's Motion for*
23 *Interim and Final Orders Authorizing the Debtor to (I) Continue Existing Insurance Coverage and Satisfy*
24 *Obligations Related Thereto; and (II) Renew, Amend, Supplement, Extend or Purchase Insurance Policies*
25 *in the Ordinary Course of Business* (the "Insurance Motion"), as applicable. The Debtor will briefly
26 explain each account in turn.

1 43. *Employee Benefits Plan Account.* In the ordinary course of business, the Debtor provides
2 administrative support for and participates in health plans and healthcare-related benefits (collectively,
3 the “Employee Benefit Plans”) for its Chancery employees and the employees of the Churches and
4 participating Non-Debtor Catholic Entities. The Employee Benefit Plans are placed through (i) the Reta
5 Trust, a self-governed, nonprofit organization that provides healthcare plans and programs to U.S.
6 dioceses and other Catholic organizations in accordance with the ethics, teachings, and directives of the
7 Catholic Church (the “Reta Trust”) and (ii) Prudential Life Insurance (“Prudential Life”). Additional
8 information on the Employee Benefit Plans and the relief the Debtor is requesting with respect to the
9 Employee Benefit Plans can be found in the Wages and Benefits Motion. To facilitate payments to the
10 Reta Trust and Prudential Life relating to the Employee Benefit Plans, the Debtor maintains a Restricted
11 Bank Account at U.S. Bank (Acct. No. xx1358) (the “Restricted Benefit Plans Account”).

12 44. The Debtor, Churches, and Non-Debtor Catholic Entities fund the Restricted Benefit Plans
13 Account with their respective, proportional share of contributions relating to the Employee Benefit Plans.
14 Specifically, the Debtor transfers its allocable portion of insurance premiums and related payments for
15 each of the Employee Benefit Plans from the Unrestricted General Operating Account to the Restricted
16 Benefit Plans Account. The Churches and Non-Debtor Catholic Entities transfer their allocable portion
17 from their operating accounts directly to the Restricted Benefit Plans Account as a payment or
18 reimbursement to the Debtor. To fund the Employee Benefit Plans, the Reta Trust automatically debits
19 funds from the Restricted Benefit Plans Account, and the Debtor disburses funds from the Restricted
20 Benefit Plans Account to Prudential Life.

21 45. *Restricted WC/Package Insurance Account.* In the ordinary course of business, the Debtor
22 maintains a comprehensive insurance program for the diocese, including coverage for general liability,
23 property, automotive, earthquake, and other risks for the Debtor, Churches, and Non-Debtor Catholic
24 Entities (the “Insurance Program”). Through several insurance carriers (each, an “Insurance Carrier,” and
25 collectively, the “Insurance Carriers”), the Debtor places, renews, and manages policies in connection
26 with the Insurance Program. Additional information on the Insurance Program and the relief the Debtor
27 is requesting with respect to the Insurance Program can be found in the Insurance Motion.

1 46. To facilitate payments to the Insurance Carriers for the Insurance Program, the Debtor
2 maintains a Restricted Bank Account at U.S. Bank (Acct. No. xx1366) (the “Restricted WC/Package
3 Insurance Account”).

4 47. With respect to the Debtor’s aggregate allocable portion of insurance premiums and related
5 payments, the Debtor transfers funds from the Unrestricted General Operating Account to the Restricted
6 WC/Package Insurance Account, then pays the Insurance Carriers in the ordinary course of business from
7 the Restricted WC/Package Insurance Account. With respect to insurance premiums and related payments
8 allocable to participating Churches and Non-Debtor Catholic Entities, those Churches and Non-Debtor
9 Catholic Entities transfer their respective allocated aggregate portions to the Restricted WC/Package
10 Insurance Account. The Debtor then pays the Insurance Carriers as paying agent for the participating
11 Churches and Non-Debtor Catholic Entities. To the extent the Debtor collects reimbursements from the
12 participating Churches and Non-Debtor Catholic Entities, it receives those reimbursements into the
13 Restricted WC/Package Insurance Account.

14 48. In the ordinary course of business, the Debtor maintains two (2) workers’ compensation
15 insurance policies for itself and participating Churches and Non-Debtor Catholic Entities (one covering
16 clergy and other employees, and one covering volunteers) as a member of the California Private School
17 Self Insurance Group (“CAPS-SIG”) self-insured workers’ compensation program (the “Workers’
18 Compensation Program”). Additional information on the Workers’ Compensation Program and the relief
19 the Debtor is requesting with respect to the Workers’ Compensation Program can be found in the Wages
20 and Benefits Motion.

21 49. As with the Insurance Program, the Debtor transfers funds sufficient to cover its allocable
22 share of amounts owed to CAPS-SIG from the Unrestricted General Operating Account to the Restricted
23 WC/Package Insurance Account, then pays the Insurance Carriers in the ordinary course of business from
24 the Restricted WC/Package Insurance Account. With respect to amounts owed to CAPS-SIG allocable to
25 participating Churches and Non-Debtor Catholic Entities, those Churches and Non-Debtor Catholic
26 Entities transfer their respective aggregate portions to the Restricted WC/Package Insurance Account. The
27 Debtor then pays the Insurance Carriers as paying agent for the participating Churches and Non-Debtor
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1 Catholic Entities. To the extent the Debtor collects reimbursements from the participating Churches and
2 Non-Debtor Catholic Entities, it receives those reimbursements into the Restricted WC/Package Insurance
3 Account.

4 50. *Restricted SIR Imprest Account.* In the ordinary course of business, the Debtor maintains
5 an account held at Citibank, N.A. (Acct. No. xx6706) that is used to pay insurance claims that are within
6 the diocese’s self-insured retention limits (the “Restricted SIR Imprest Account”). The Restricted SIR
7 Imprest Account holds self-insurance reserves (contributed by the Debtor, Churches, and Non-Debtor
8 Catholic Entities) that are used to cover potential losses that may not be covered by insurance (“SIR
9 Payments”). The Debtor, through its third party administrator, funds the Restricted SIR Imprest Account
10 on a monthly basis from the Restricted WC/Package Insurance Account, and the Debtor’s broker disburses
11 SIR Payments from the Restricted SIR Imprest Account directly to vendors and suppliers providing goods
12 or services to the Churches and Non-Debtor Catholic Entities that have suffered losses within the self-
13 insured retention limits of the relevant insurance policy. Additional information regarding the Debtor’s
14 self-insured retention program can be found in the Insurance Motion.

15 3. Utility Adequate Assurance

16 51. The Debtor maintains an account held at U.S. Bank (Acct. No. xx1382) to hold the deposit
17 that will serve as the Court-approved adequate assurance of payment for the Debtor’s utility services
18 providers (the “Restricted Utility Adequate Assurance Account”). The Debtor is required to maintain this
19 account under section 366 of the Bankruptcy Code.

20 52. The Debtor has funded the Restricted Utility Adequate Assurance Account in the amount
21 of \$3,857, the amount the Debtor submits will provide adequate assurance to its utilities. Post-petition
22 deposits and disbursements will only be made in connection with adequate assurance payments to the
23 Debtor’s utilities. Additional detail on the Debtor’s utilities and its proposed adequate assurance
24 procedures can be found in the *Debtor’s Motion for an Order Establishing Adequate Assurance*
25 *Procedures with Respect to Utility Providers* filed concurrently herewith.

1 4. Held-In-Trust Accounts

2 53. The Debtor maintains three (3) Restricted Bank Accounts to collect and hold funds
3 entrusted to the Debtor for specific programs and uses (collectively, the “Held-In-Trust Accounts”). The
4 Held-In-Trust Accounts are identified as such in **Exhibit D**. The funds in the Held-In-Trust Accounts are
5 separately held for the payment of employee retirement plans and specific gift and contribution programs.
6 The Held-In-Trust Accounts are comprised of: (i) a Restricted Bank Account at U.S. Bank for transfers of
7 entrusted funds to third-party beneficiaries, programs, charities, and vendors (Acct. No. x1374)
8 (the “Restricted Held-In-Trust Checking Account”), (ii) a Restricted Bank Account at US Bank to hold
9 restricted gifts or contributions (Acct. No. x1416) (the “Restricted Held-In-Trust Money Market
10 Account”), and (iii) a Restricted Bank Account at Union Bank (Acct. No. xx8474) specifically used in
11 connection with employee flexible spending accounts (the “Restricted FSA Account”).

12 54. *Flexible Spending Accounts*. In the ordinary course of business, the Debtor holds pre-tax
13 dollars on behalf of its employees (collectively, “FSA Contributions”) withheld from their paychecks to
14 their respective tax-advantaged flexible spending account (the “Restricted FSA Account”). In the ordinary
15 course of business, the Debtor collects related payments received from the Churches and Non-Debtor
16 Catholic Entities on account of their employees FSA contributions directly in the Restricted FSA Account.
17 Employees can submit expenses for reimbursement from the Restricted FSA Account consistent with
18 applicable guidelines and regulations. Additional information regarding the FSA Contributions and
19 Employee FSAs can be found in the Wages and Benefits Motion.

20 55. The Restricted FSA Account is maintained separately in order to keep FSA Contributions
21 segregated from the Debtor’s general operating funds. In the ordinary course of business, when the
22 Debtor’s employees submit claims for approved expenses (“FSA Claims”), the administrator of the
23 Employee FSAs, Benefit Allocation Systems, LLC, debits funds from the Restricted FSA Account and
24 sends reimbursement checks to employees on account of FSA Claims. As of the Petition Date, the
25 Restricted FSA Account contains approximately \$215,000 in FSA Contributions made by employees of
26 the diocese.

1 56. The Debtor seeks to make payments on account of FSA Claims from the Restricted FSA
2 Account on a postpetition basis, in the ordinary course of business, consistent with prepetition practices.

3 57. *403(b) Contributions.* The Debtor sponsors a “403(b) plan” for employees that allows each
4 employee to have his or her salary reduced under Section 403(b) of the Tax Code and enjoy certain tax
5 advantages and personal savings (the “403(b) Plan”). The provider for the 403(b) Plan is The Standard.
6 Additional information regarding the 403(b) Plan can be found in the Wages and Benefits Motion. The
7 Debtor holds employee contributions to the 403(b) Plan for each eligible employee (collectively, “403(b)
8 Contributions”). To fund the 403(b) Contributions, the Debtor transfers, on behalf of its employees, funds
9 from the Unrestricted General Operating Account to the Restricted Held-In-Trust Checking Account. The
10 Debtor then remits the 403(b) Contributions from the Restricted Held-In-Trust Checking Account to The
11 Standard.

12 58. *Retirement Plans.* As described in more detail in the Wages and Benefits Motion, the
13 diocese maintains priest pension plans, a long-term care plan for priests, a lay employees money purchase
14 pension plan, and supplemental benefits for retired priests and bishops (collectively, the “Retirement
15 Plans”). The Debtor, Churches, and Non-Debtor Catholic Entities make contributions to the Retirement
16 Plans for each eligible employee (collectively, “Retirement Plan Contributions”). To fund the Retirement
17 Plan Contributions, the Debtor, Churches and Non-Debtor Catholic Entities transfer funds to the
18 Restricted Held-In-Trust Checking Account. Typically, the Debtor remits most Retirement Plan
19 Contributions from the Restricted Held-In-Trust Checking Account to the relevant Retirement Plans. In
20 some cases, depending on the relevant Retirement Plan, the Non-Debtor Catholic Entities remit
21 Retirement Plan Contributions directly to that Retirement Plan. Additional information regarding each of
22 the Retirement Plans and the Retirement Plan Contributions is set forth in the Wages and Benefits Motion.

23 59. *Online Offertory.* The Churches rely on the generosity and stewardship of their
24 parishioners. Ordinarily, the collection of money or other gifts from parishioners taken up during the
25 offertory at each Sunday Mass remains in the Churches’ control and accounts. When the COVID-19
26 pandemic and related governmental orders either prevented Sunday Mass from being held or limited
27 attendance at Sunday Mass, the Debtor implemented an online portal (the “Online Offertory”) through
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1 which parishioners could maintain their financial support for the ongoing operations and expenses of their
2 respective Churches. The Debtor covers all Payment Processing Fees (defined below) to ensure that the
3 Churches receive 100% of the gifts made through the Online Offertory. After COVID-19 restrictions
4 were lifted, the Debtor maintained the Online Offertory as an option for parishioner gifting. The Debtor
5 collects the Online Offertory gifts in the Restricted Held-In-Trust Checking Account and holds them in
6 trust for the specific Churches identified by parishioners and following a monthly reconciliation of Online
7 Offertory gifts received, transfers the funds from the Restricted Held-In-Trust Checking Account to the
8 intended Churches. To the extent parishioners make unrestricted offertory payments for the benefit of the
9 Debtor, those funds are placed in the Unrestricted General Operating Fund.

10 60. *Second Collections.* The bishops in the United States created a national collections
11 program to facilitate and promote nationwide support for specific missions of the Catholic Church.
12 Through the generosity of parishioners, annual “second collection” appeals support the Church’s works
13 of social justice, evangelization, catechesis, and national and local institutional development, domestically
14 and around the world (collectively, the “Second Collections”). Second Collections are collected at the
15 Church level. After the Churches separately account for these additional gifts, the Churches send checks
16 to the Debtor that identify amounts earmarked for specific Second Collections charities and programs for
17 which the gifts were made. The Debtor deposits these checks in the Restricted Held-In-Trust Checking
18 Account and holds them in trust for the specific charities and programs. Following a periodic
19 reconciliation of Second Collections received, the Debtor transfers them from the Restricted Held-In-Trust
20 Checking Account to the United States Conference of Catholic Bishops, which disburses the Second
21 Collections to the designated recipients.

22 61. *Restricted Gifts.* In the ordinary course of business, the Debtor receives gifts, grants, and
23 bequests with donor restrictions (collectively, “Restricted Gifts”). Donors condition Restricted Gifts to be
24 used for specific ministries, programs, and initiatives. The Debtor collects the Restricted Gifts in the
25 Restricted Held-In-Trust Checking Account and holds them in trust for the specific ministries, programs,
26 and initiatives identified by the donors. Following a periodic reconciliation of Restricted Gifts received,
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1 the Debtor causes them to be used, in the ordinary course of business, in accordance with the donors'
2 directives.

3 62. *Donations of Stock.* In the ordinary course of business, the Debtor receives both restricted
4 and unrestricted donations of stock from parishioners and other donors (collectively, "Stock Donations").

5 63. The Debtor receives Stock Donations into the brokerage account it maintains at Schwab
6 (Acct. No. x1468) (the "Schwab Brokerage Account"). The Debtor's CFO regularly monitors the Schwab
7 Brokerage Account for new Stock Donations. In the ordinary course of business, the Debtor monetizes
8 any Stock Donations received in the Schwab Brokerage Account before transferring the proceeds of sale
9 to other Bank Accounts in the Cash Management System, depending on whether such proceeds are
10 restricted or unrestricted. The Debtor transfers liquidated Stock Donations to the Unrestricted General
11 Operating Account, Restricted Held-In-Trust Checking Account, or the Restricted BMA Account, as
12 applicable. Following a periodic reconciliation of proceeds of restricted Stock Donations, the Debtor
13 transfers the proceeds from the Restricted Held-In-Trust Checking Account or Restricted BMA Account
14 to the intended Churches, schools, other charitable organizations, ministries, programs, and initiatives
15 identified by the donors of restricted Stock Donations.

16 64. As of Petition Date, the Debtor is holding approximately \$32,000 cash in the Schwab
17 Brokerage Account, which cash represents the proceeds from the monetization of Stock Donations
18 previously given to the Debtor. To the best of the Debtor's knowledge, the Schwab Brokerage Account
19 does not, as of the Petition Date, contain any Stock Donations, or cash proceeds thereof, held on behalf of
20 others. However, in the event that Stock Donations are received on or after the Petition Date, the Debtor
21 seeks authority to monetize Stock Donations and make transfers of proceeds from the Unrestricted General
22 Operating Account, Restricted Held-In-Trust Checking Account, or Restricted BMA Account, as
23 applicable, and consistent with prepetition practices.

24 **E. Intercompany Transactions**

25 65. As described throughout this Cash Management Motion, in the ordinary course of
26 operations, the Debtor maintains business relationships with the Churches and Non-Debtor Catholic
27 Entities. This results in frequent intercompany receivables and payables, including, without limitation,
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1 Church Assessments, Other Chancery Revenues, BMA, Employee Benefit Plans, Insurance Program,
2 Workers' Compensation Program, SIR Payments, and Retirement Plans (collectively, the "Intercompany
3 Transactions").

4 66. The Debtor maintains records of all transfers and, therefore, can identify, trace, and account
5 for all Intercompany Transactions. It will continue to do so during this Chapter 11 Case.

6 67. If the Intercompany Transactions were to be discontinued, the Cash Management System
7 and related administrative controls would be disrupted to the detriment of the Debtor, its estate, and all
8 parties in interest. In particular, it would become harder for the Debtor to calculate, account for, and
9 receive reimbursements from the Churches and Non-Debtor Catholic Entities where appropriate.

10 68. Accordingly, the Debtor seeks authority to continue the Intercompany Transactions in the
11 ordinary course of business on a postpetition basis.

12 69. Certain Churches and schools maintain funds in separate accounts with The Oakland
13 Parochial Fund, Inc. (the "Oakland Parochial Fund"), an independent Non-Debtor Catholic Entity within
14 the diocese. The Oakland Parochial Fund was established in 2014 and operationalized before the Petition
15 Date to manage and oversee deposits and investments belonging to certain of the Churches and schools
16 (collectively, "Diocesan Investment Management Services"). The Debtor itself does not maintain any
17 deposits or investments with the Oakland Parochial Fund.

18 70. Historically, the Debtor provided Diocesan Investment Management Services to the
19 participants pursuant to its Chancery functions. The Debtor recently transitioned Diocesan Investment
20 Management Services to The Oakland Parochial Fund. Consistent with the Debtor's prior practices, the
21 Oakland Parochial Fund employs the services of (a) an investment advisory firm, Beacon Pointe Advisors
22 ("Beacon Pointe"), to assist the Oakland Parochial Fund with the management of investments, and (b) a
23 professional custodian and transfer agent, Principal Financial Group ("PFG"), to maintain appropriate
24 account and bookkeeping records of the long-term investment assets held at the Oakland Parochial Fund.

25 71. Deposits belonging to participating churches are maintained in the Church PFG Account
26 x9100. Investment assets belonging to participating churches are maintained in the Church PFG Account
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1 x9101. Deposits belonging to participating schools are maintained in the RCWC PFG Account x9102.

2 Investment assets belonging to participating schools are maintained in the RCWC PFG Account x9103.

3 72. To the extent the Debtor comes into possession of any donation, stock investment, or other
4 gift or funds that the Debtor either holds in trust for a Church or Non-Debtor Catholic Entity or that is
5 otherwise restricted for use by a Church or Non-Debtor Catholic Entity, the Debtor transfers such
6 donation, stock investment, or other gift or funds to the appropriate Church PFG Account or to such other
7 account as is directed by the Church or Non-Debtor Catholic Entity.

8 73. As of the Petition Date, the Debtor no longer maintains any unrestricted funds for long-
9 term investment in any investment accounts held by the Debtor. Instead, the Debtor's long-term
10 investments subject to donor restrictions are held in the Restricted Held-In-Trust Money Market Account.

11 **F. Credit Card Accounts**

12 74. In the ordinary course of business, the Debtor maintains eight (8) credit card accounts (the
13 "Credit Card Accounts") to provide credit cards for employees of the Debtor to use in making business
14 purchases. The Debtor generally pays the balance for each of the Credit Card Accounts in full on a monthly
15 basis with funds from the General Unrestricted Operating Account. Debt incurred under each of the Credit
16 Card Accounts is unsecured. As of the Petition Date, the aggregate balance of the Credit Card Accounts
17 was \$25,000, and the Debtor generally incurs approximately \$17,000 per month in aggregate charges and
18 fees on account of the Credit Card Accounts.

19 75. *American Express Corporate Card.* The Debtor maintains one American Express corporate
20 credit card. The Bishop uses this credit card for general travel and general business expenses. The bill
21 on this credit card is paid with funds held in the Unrestricted General Operating Account.

22 76. *U.S. Bank Corporate Cards.* The Debtor maintains three (3) additional corporate credit
23 cards issued by U.S. Bank on the Visa network used by employees of the Debtor for general business
24 expenses. The bill on this credit card is paid with funds held in the Unrestricted General Operating
25 Account.

26 77. *Home Depot Credit Card.* The Debtor maintains one (1) credit card issued by Home Depot
27 Credit Services. Certain of the Debtor's employees use this credit card to purchase construction and
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1 property-maintenance products from The Home Depot for the diocese’s Retreat Center located in
2 Lafayette, California (the “Retreat Center”). The bill on this credit card is paid with funds held in the
3 Unrestricted General Operating Account.

4 78. *Sherwin Williams Credit Card.* The Debtor maintains one (1) credit card issued by Sherwin
5 Williams. Certain of the Debtor’s employees use this credit card to purchase construction and property-
6 maintenance products from Sherwin Williams for the Retreat Center. The bill on this credit card is paid
7 with funds held in the Unrestricted General Operating Account.

8 79. *Safeway/Albertsons Credit Card.* The Debtor maintains one (1) credit card issued by
9 Safeway. Certain employees of the Debtor use this credit card to purchase groceries and meals that are
10 served at various diocesan locations in conjunction with workshops, events, and the like from time to time.
11 The bill on this credit card is paid with funds held in the Unrestricted General Operating Account.

12 80. *Chase Credit Card.* The Debtor maintains one (1) credit card issued by Chase. The director
13 of the Catholic Youth Organization, an employee of the Debtor, uses this credit card to purchase supplies
14 for catholic youth events organized by the Chancery from time to time. The bill on this credit card is paid
15 with funds held in the Unrestricted General Operating Account.

16 81. The Debtor’s use of the Credit Card Accounts provides the Debtor with greater flexibility
17 in making certain business purchases. Accordingly, the Debtor requests that the Court authorize the Debtor
18 to continue to pay any balances due on the Credit Card Accounts, including charges and fees incurred
19 prepetition or postpetition, in the ordinary course of business and to continue to incur unsecured debt
20 under the Credit Card Accounts in the ordinary course of business.

21 **G. Bank and Payment Processing Fees**

22 82. In the ordinary course of business, the Debtor incurs and pays, honors, or allows to be
23 deducted from the appropriate Bank Accounts, certain service charges, repayments on account of ordinary
24 course ACH credit extensions, and other related fees, costs, and expenses charged by the Banks
25 (collectively, the “Bank Fees”).

26 83. To the extent the balance in the applicable Bank Account decreases below a threshold
27 amount established by the applicable Bank, the Debtor may incur additional fees for sending and receiving
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1 wire transfers, clearing checks, ACH transfers, and other transactions. In addition, the Debtor pays certain
2 payment processing fees to third parties relating to payment support and processing for parishioners that
3 make gifts through the Online Offertory and BMA (collectively, the "Payment Processing Fees").

4 84. The Debtor currently pays approximately \$4,000 per month on account of Bank Fees and
5 approximately \$5,000 per month on account of Payment Processing Fees. The Debtor also pays
6 approximately \$30,000 per year on account of Payment Processing Fees to maintain and facilitate the
7 Online Offertory and BMA payment portals. As of the Petition Date, the Debtor estimates that
8 approximately \$6,000 in Bank Fees and \$5,000 in Payment Processing Fees are accrued and unpaid and
9 will become due in the first thirty (30) days after the Petition Date.

10 85. The Debtor seeks authority to pay such amounts, including any amounts relating to the
11 period prior to the Petition Date, as they come due in the ordinary course of business.

12 **H. The Debtor's Existing Business Forms and Checks**

13 86. In the ordinary course of business, the Debtor issues checks and uses a variety of
14 correspondence and business forms, including, but not limited to, letterhead, statements, and invoices
15 (collectively, the "Business Forms").

16 87. To minimize the expense to the Debtor's estate associated with developing and purchasing
17 entirely new forms or otherwise complying with Bankruptcy Local Rule 2015-1(a),³ the delay in
18 conducting business prior to obtaining such forms, and the confusion of vendors, suppliers, and other third
19 parties, the Debtor seeks authority to continue using its Business Forms substantially in the forms used
20 immediately prior to the Petition Date, without reference therein to the Debtor's status as a "Debtor in
21 Possession." The Debtor does not believe that any prejudice will be suffered by any party if this relief is
22 granted.

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27 ³ Bankruptcy Local Rule 2015-1(a) requires that "[T]he signature card (or if there is none, the depository agreement) for any
28 account containing funds which are the property of a bankruptcy estate must clearly indicate that the depositor or investor is
a 'debtor-in-possession' or a trustee in bankruptcy."

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V.
BASIS FOR RELIEF

A. **Continuation of the Cash Management System is in the Best Interests of the Debtor and All Other Parties in Interest**

91. As set forth above, the Debtor requests authority to continue using the Cash Management System in the same manner as before the Petition Date and to implement ordinary course changes to the Cash Management System consistent with past practices. Such relief is appropriate under sections 363 and 105(a) of the Bankruptcy Code.

92. Section 363(c)(1) of the Bankruptcy Code authorizes a debtor to “use property of the estate in the ordinary course of business without notice or a hearing.” 11 U.S.C. § 363(c)(1). The purpose of this section is to provide a debtor with the flexibility to engage in the ordinary transactions required to operate its business without unneeded oversight by its creditors or the bankruptcy court. *Meoli v. Am. Med. Serv. of San Diego*, 287 B.R. 808, 817 n.3 (S.D. Cal. 2003) (stating that 363(c)(1) is designed to provide “wide-ranging management authority over the debtor”); *see also In re First Protection, Inc.*, 440 B.R. 821, 833 (B.A.P. 9th Cir. 2010) (a debtor may “enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice or a hearing, and to use property of the estate in the ordinary course of business without notice or a hearing” when the debtor’s business is being operated under sections 1107 and 1108 of the Bankruptcy Code); *In re Roth Am., Inc.*, 975 F.2d 949, 952 (3d Cir. 1992) (“Section 363 is designed to strike [a] balance, allowing a business to continue its daily operations without excessive court or creditor oversight and protecting secured creditors and others from dissipation of the estate’s assets.”) (citations omitted). Included within the purview of section 363(c) of the Bankruptcy Code is a debtor’s ability to continue “routine transactions” necessitated by a debtor’s cash management system. *See, e.g., In re OccMeds Billing Servs., Inc.*, Case No. 07-28444, 2008 WL 73690, at *3 (Bankr. E.D. Cal. Jan. 3, 2008) (noting that so long as bank accounts are not a creditor’s cash collateral “the debtor does not need the permission of the court to use them in ordinary course of its business”); *In re Nellson Nutraceutical, Inc.*, 369 B.R. 787, 796 (Bankr. D. Del. 2007) (noting that courts have shown a reluctance to interfere in a debtor’s making of routine, day-to-day business decisions)

DEBTOR’S MOTION TO MAINTAIN CASH MANAGEMENT SYSTEM

1 (citations omitted). Accordingly, the Debtor is authorized pursuant to section 363(c)(1) of the Bankruptcy
2 Code to continue the collection, concentration, and disbursement of cash pursuant to its Cash Management
3 System as described above, including the Intercompany Transactions.

4 93. The Cash Management System constitutes an ordinary-course and essential business
5 practice providing significant benefits to the Debtor, including the ability to control funds of the Debtor,
6 ensure the maximum availability of funds when and where necessary, reduce borrowing costs and
7 administrative expenses by facilitating the movement of funds, and ensure the availability of timely and
8 accurate account balance information consistent with prepetition practices. The use of the Cash
9 Management System has historically reduced the Debtor's expenses by enabling the Debtor to use funds
10 in an optimal and efficient manner. Accordingly, the continued use of the Cash Management System
11 without interruption is vital to the Debtor's operations and the success of this Chapter 11 Case.

12 94. The Court may approve the continuation of the Cash Management System even if it is
13 determined to be outside of the ordinary course. Section 363(b) of the Bankruptcy Code provides, in
14 relevant part, that "[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the
15 ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Under section 363 of the
16 Bankruptcy Code, a bankruptcy court may authorize a debtor to pay certain prepetition claims where a
17 sound business purposes exists for doing so. *See In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr.
18 S.D.N.Y. 1989). The business judgment rule is satisfied where "the directors of a corporation acted on an
19 informed basis, in good faith and in the honest belief that the action taken was in the best interests of the
20 company." *See, e.g., Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re*
21 *Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting *Smith v. Van Gorkom*, 488 A.2d 858,
22 872 (Del. 1985)); *see also F.D.I.C. v. Castetter*, 184 F.3d 1040, 1043 (9th Cir. 1999) (the business
23 judgment rule "requires directors to perform their duties in good faith and as an ordinarily prudent person
24 in a like circumstance would"). Courts construing California corporate law have consistently declined to
25 interfere with corporate decisions absent a showing of bad faith, self-interest, or gross negligence, and
26 have upheld a board's decisions as long as such decisions were made in good faith. *Scouler & Co., LLC*

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28
DEBTOR'S MOTION TO MAINTAIN CASH MANAGEMENT SYSTEM

1 *v. Schwartz*, No. 11-CV-06377 NC, 2012 WL 1502762, at *4 (N.D. Cal. Apr. 23, 2012); *Berg & Berg*
2 *Enterprises, LLC v. Boyle*, 178 Cal. App. 4th 1020, 1046 (2009).

3 95. The Court may also rely on its equitable powers under section 105 of the Bankruptcy Code
4 to grant the relief requested in this Cash Management Motion. Section 105(a) of the Bankruptcy Code
5 empowers the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out
6 the provisions of this title.” 11 U.S.C. § 105(a). Accordingly, the Court may authorize the Debtor to
7 continue to maintain the Cash Management System (including entering into and performing under the
8 Intercompany Transactions), as well as to pay any prepetition amounts owed with respect thereto because
9 such relief is necessary for the Debtor to carry out its fiduciary duties under section 1107(a) of the
10 Bankruptcy Code. Under section 1107(a) of the Bankruptcy Code, “the debtor in possession has the same
11 fiduciary duties and liabilities as a Trustee. When the debtor is a corporation, corporate officers and
12 directors are considered to be fiduciaries both to the corporate debtor in possession and to the creditors.”
13 *In re Anchorage Nautical Tours, Inc.*, 145 B.R. 637, 643 (B.A.P. 9th Cir. 1992); *see also In re Curry &*
14 *Sorensen, Inc.*, 57 B.R. 824, 828 (B.A.P. 9th Cir. 1986) (“[T]he debtor’s directors bear essentially the
15 same fiduciary obligation to creditors and shareholders as would a trustee for a debtor out of possession”).

16 96. Numerous courts have acknowledged that payment of prepetition obligations, irrespective
17 of statutory priorities, may be necessary to realize the objectives of the Bankruptcy Code, such as the
18 preservation and enhancement of the value of a debtor’s estate for the benefit of all creditors and other
19 stakeholders. *See, e.g., Czyzewski v. Jevic Holding Corp.*, 137 S. Ct. 973, 985 (2017) (noting that courts
20 have approved distributions that are not consistent with ordinary priority rules in instances where
21 significant Code-related objectives, such as enabling a successful reorganization, would be served and
22 listing examples such as “first-day wage orders that allow payment of employees’ prepetition wages,
23 critical vendor orders that allow payment of essential suppliers’ prepetition invoices, and roll-ups that
24 allow lenders who continue financing the debtor to be paid first on their prepetition claims”); *Miltenberger*
25 *v. Logansport, C&S W.R. Co.*, 106 U.S. 286, 312 (1882) (payment of pre-receivership claim prior to
26 reorganization permitted to prevent “stoppage of the continuance of [crucial] business relations”); *In re*
27 *Just For Feet, Inc.*, 242 B.R. 821, 826 (D. Del. 1999) (allowing payment of prepetition claim because
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DEBTOR’S MOTION TO MAINTAIN CASH MANAGEMENT SYSTEM

1 debtor could not survive without maintaining customer relationship); *In re Financial News Network, Inc.*,
2 134 B.R. 732, 736 (Bankr. S.D.N.Y. 1991) (payment of prepetition claims allowed if “critical to the
3 debtor’s reorganization”); *In re NVR L.P.*, 147 B.R. 126, 128 (Bankr. E.D. Va. 1992) (holding that
4 “proponent of the payment must show substantial necessity”); *In re Eagle–Picher Indus., Inc.*, 124 B.R.
5 1021, 1023 (Bankr. S.D. Ohio 1991) (stating that payment must be “necessary to avert a serious threat to
6 the chapter 11 process”).

7 97. Although there is a Ninth Circuit decision which fails to recognize the grant of authority
8 given by the Bankruptcy Code to elevate certain prepetition payments over others, that case is easily
9 distinguishable from this Chapter 11 Case and the relief sought herein, as the prepetition payments at issue
10 there were made by the debtor without notice, hearing, or authorization from the bankruptcy court. *In*
11 *Matter of B & W Enterprises, Inc.*, 713 F.2d 534, 535 (9th Cir. 1983). Furthermore, although the *B & W*
12 court noted that the “necessity of payment” doctrine was established in railroad reorganization cases, *id.*
13 at 535, courts have extended the doctrine beyond the railroad reorganization context. *See, e.g., In re*
14 *Structurlite Plastics Corp.*, 86 B.R. 922, 931 (Bankr. S.D. Ohio 1988) (“a bankruptcy court may exercise
15 its equity powers under § 105(a) [of the Bankruptcy Code] to authorize payment of prepetition claims
16 where such payment is necessary to permit the greatest likelihood of survival of the debtors and payment
17 of creditors in full or at least proportionately”); *In re Gulf Air*, 112 B.R. 152, 153 (Bankr. W.D. La. 1989)
18 (finding that payment of prepetition wage and benefit obligations was in the best interest of creditors and
19 necessary for the successful reorganization of the debtor and granting the debtor’s motion to pay
20 prepetition employee expenses); *In re Chateaugay Corp.*, 80 B.R. 279, 285 (S.D.N.Y. 1987) (finding that
21 bankruptcy courts have the authority to authorize the debtor to pay certain prepetition claims).

22 98. Moreover, since *B & W*, the Ninth Circuit has noted in other instances that certain
23 prepetition payments should be authorized regardless of whether they are priority payments under the
24 Bankruptcy Code. *See In re Adams Apple, Inc.*, 829 F.2d 1484, 1490 (9th Cir. 1987). In that case, in
25 rejecting the appellants’ argument that the cross-collateralization clause in a financing agreement violated
26 the “fundamental tenet of bankruptcy law that like creditors must be treated alike,” the Court of Appeals
27 noted that the argument was “flawed because the fundamental tenet conflicts with another fundamental
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1 tenet – rehabilitation of debtors, which may supersede the policy of equal treatment.” *Id.* The Ninth Circuit
2 further stated that:

3 [c]ases have permitted unequal treatment of pre-petition debts when
4 necessary for rehabilitation, in such contexts as (i) pre-petition wages to key
5 employees; (ii) hospital malpractice premiums incurred prior to filing; (iii)
debts to providers of unique and irreplaceable supplies; and (iv) peripheral
benefits under labor contracts.

6 *Id.*

7 99. Courts within the Ninth Circuit have followed the reasoning of *In re Adams Apple* in
8 holding that the payment of certain prepetition claims is not categorically barred when the payments
9 promote the rehabilitation of the debtor. *See, e.g., In re Pettit Oil Co.*, No. 13-47285, 2015 WL 6684225,
10 at *8 (Bankr. W.D. Wash. Oct. 22, 2015) (citing *In re Adams Apple Inc.* for proposition that it “is
11 permissible to treat prepetition debts unequally when necessary for rehabilitation.”); *Gordon v. Hines (In*
12 *re Hines)*, 147 F.3d 1185, 1191 (9th Cir. 1998) (applying “essentially a doctrine of necessity” to provide
13 for the payment of the fees of debtor’s counsel in chapter 7 cases because without this right the “entire
14 [chapter 7] system would suffer a massive breakdown”).

15 100. Furthermore, several courts within this Circuit have granted relief substantially similar to
16 that sought herein. *See, e.g., In re Tri-Valley Learning Corporation*, Case No. 16-43112-CN (Bankr. N.D.
17 Cal. December 6, 2016) (approving maintenance of prepetition cash management system); *In re Blue*
18 *Earth, Inc.*, Case No. 16-30296-DM (Bankr. N.D. Cal. Mar. 23, 2016) (same); *In re RDIO, Inc.*, Case No.
19 15-31430-DM (Bankr. N.D. Cal. Nov. 20, 2015 (same).

20 101. Maintaining the existing Cash Management System and satisfying plainly is in the best
21 interests of the Debtor’s estates and all parties in interest, and, therefore, should be approved. As stated,
22 if the Debtor is required to significantly alter the way in which it collects and disburses its cash, its
23 operations would experience severe disruptions, which may negatively impact the Debtor’s mission,
24 ministries, and Chancery operations, and the Debtor’s estate, to the detriment of all parties in interest.

25 102. In furtherance of the foregoing, the Debtor requests that all Banks at which the Bank
26 Accounts are maintained be authorized to continue to administer the Bank Accounts as they were
27 maintained as of the Petition Date, without interruption, in the ordinary course of business.

28 DEBTOR’S MOTION TO MAINTAIN CASH MANAGEMENT SYSTEM

1 103. The Debtor also requests authority to pay Bank Fees as they come due, including the
2 prepetition Bank Fees that remain unpaid as of the Petition Date, estimated to be in the aggregate amount
3 of \$6,000. Payment of the Bank Fees is in the best interests of the Debtor, its estate, and all parties in
4 interest, to prevent any disruption to the Cash Management System.

5 104. Moreover, because the Banks may have setoff rights with respect to the prepetition Bank
6 Fees, payment of the prepetition Bank Fees should not affect other parties in interest and would merely
7 be a matter of timing. The Banks should also be authorized to pay any and all drafts, wires, and ACH
8 transfers issued on the Bank Accounts for payment of any claims arising before the Petition Date, to the
9 extent payment of such claims are approved by an order of the Court, in each case so long as sufficient
10 funds exist in these accounts.

11 105. Similarly, the Debtor requests authority to pay all Payment Processing Fees as they come
12 due, including the prepetition Payment Processing Fees that remain unpaid as of the Petition Date,
13 estimated to be in the aggregate amount of \$5,000. Payment of the Payment Processing Fees will prevent
14 any disruption to the Debtor's ability to collect payments from contributors to the diocese who make gifts
15 via credit card, debit card, or ACH bank payment.

16 106. For the foregoing reasons, continuation of the Cash Management System is necessary,
17 appropriate, and in the best interests of the Debtor, its estate, and all other parties in interest in this Chapter
18 11 Case and should be authorized as requested herein.

19 **B. Continued Performance of Intercompany Transactions Is Warranted**

20 107. As described above, the Cash Management System is similar to those commonly employed
21 by other dioceses in which transfers between related entities are tracked as Intercompany Transactions.
22 At any point in time, there may be outstanding amounts due and owing between the Debtor and its Non-
23 Debtor Catholic Entities, all of which are recorded and documented as Intercompany Transactions.

24 108. As set forth above, under section 363(c)(1) of the Bankruptcy Code, a debtor in possession
25 "may enter into transactions, including the sale or lease of property of the estate, in the ordinary course of
26 business . . . and may use property of the estate in the ordinary course of business without notice or a
27 hearing." The Debtor enters into and performs under Intercompany Transactions "in the ordinary course
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1 of business” within the meaning of section 363(c)(1), and as such may not require the Court’s express
2 approval. Nevertheless, the Intercompany Transactions between the Debtor and Non-Debtor Catholic
3 Entities are integral to the ongoing operations of the Debtor and the mission and ministries within the
4 diocese. The Cash Management System, including the Intercompany Transactions that flow through it, is
5 essential to the Debtor’s ongoing operations, especially to services provided by the Debtor to the Churches
6 and Non-Debtor Catholic Entities pursuant to long-standing arrangements. Because the preservation and
7 continuation of the Cash Management System, and the Intercompany Transactions that flow through it, is
8 critical to the Debtor’s continued operation of the Chancery and the diocese’s mission and ministries, the
9 Debtor requests out of an abundance of caution that the Court authorize the continued performance of
10 Intercompany Transactions in the ordinary course of business consistent with the Debtor’s prepetition
11 practices.

12 **C. Continued Use of the Debtor’s Credit Card Accounts is Warranted**

13 109. Continued use of the Credit Card Accounts is essential to the Debtor’s operations so that
14 employees are not required to be issued cash or check books to carry out basic transactions in the ordinary
15 course of business on the Debtor’s behalf. As of the Petition Date, the aggregate balance of the Credit
16 Card Accounts is estimated to be approximately \$25,000. Prior to the Petition Date, the Debtor’s ordinary
17 practice was to pay all Credit Card Account balances in full on a monthly basis. The Debtor proposes to
18 continue using each Credit Card Account, subject to the terms and conditions of each Credit Card Account
19 and any orders of the Court.

20 110. The Debtor seeks authority to continue using the Credit Card Accounts instead of obtaining
21 new unsecured credit in the ordinary course of business under section 364(a) of the Bankruptcy Code.
22 Similar relief has been approved in other diocesan bankruptcy cases across the country. *See, e.g., In re*
23 *Diocese of Harrisburg*, No. 20-00599 (Bankr. M.D. Pa. February 21, 2020) [Dkt. No. 47]; *In re the*
24 *Diocese of Rochester*, No. 19-20905 (Bankr. W.D.N.Y. Oct. 15, 2019) [Dkt. No. 98]; *In re Roman*
25 *Catholic Church of the Archdiocese of Santa Fe*, No. 18-13027 (Bankr. D.N.M. February 7, 2019) [Dkt.
26 No. 88].

1 **D. Maintenance of the Debtor's Existing Bank Accounts and Business Forms is**
2 **Warranted**

3 111. The UST Guidelines generally require that a chapter 11 debtor, among other things: (i)
4 establish debtor-in-possession accounts for all estate monies required for the payment of taxes (including
5 payroll taxes); (ii) close all existing bank accounts and open new debtor-in-possession accounts at banks
6 that are designated as "authorized depositories" by the U.S. Trustee; (iii) obtain checks that bear the
7 designation "Debtor-in-Possession," and (iv) reference the debtor's bankruptcy case number and type of
8 account on each such check. These requirements are designed to establish a clear line of demarcation
9 between prepetition and postpetition claims and payments and to help protect against a debtor's
10 inadvertent payment of prepetition claims by preventing banks from honoring checks drawn before the
11 commencement of a debtor's chapter 11 case.

12 112. In this Chapter 11 Case, strict enforcement of the UST Guidelines would severely disrupt
13 the Debtor's ordinary financial operations by reducing efficiencies, increasing administrative burdens, and
14 creating unnecessary expenses. As stated above, the Debtor maintains 14 Bank Accounts and one
15 investment account (the Schwab Brokerage Account) as part of the Cash Management System. If the
16 Debtor were required to close these Bank Accounts and open new debtor-in-possession accounts, the
17 Debtor would be forced to reconstruct the Cash Management System in its entirety. This reconstruction
18 would be impractical and cost prohibitive in an organization such as the Debtor. The Chancery, including
19 accounting and bookkeeping employees, would need to focus their efforts on immediately opening new
20 bank accounts and working to establish proper cash flow controls, thereby diverting them from their daily
21 responsibilities during this critical juncture of the Chapter 11 Case. Many accounts could not be replaced
22 in time to effectively continue the Debtor's Chancery operations. Even if possible, the opening of new
23 bank accounts would increase operating costs, and the delays that would result from opening new
24 accounts, revising cash management procedures, and redirecting payments would negatively impact the
25 Debtor's ability to operate the Chancery effectively while establishing these new arrangements, to the
26 detriment of all parties in interest.

1 113. The Debtor believes that its transition into chapter 11 would be significantly smoother and
2 more orderly, with minimum disruption and harm to the Debtor's operations, if the Bank Accounts are
3 continued following the Petition Date with the same account numbers. By preserving business continuity
4 and avoiding the disruption and delay to the Debtor's collection and disbursement procedures that would
5 necessarily result from closing the Bank Accounts and opening new accounts, all parties in interest,
6 including employees, vendors, parishioners, and creditors will be best served. The confusion that would
7 otherwise result, absent the relief requested herein, would ill-serve the Debtor's rehabilitative efforts.
8 Accordingly, the Debtor respectfully request authority to maintain the Bank Accounts in the ordinary
9 course of business.

10 114. In the ordinary course of business, the Debtor conducts transactions by debit, wire, ACH,
11 and other similar methods. Certain of the Churches and Non-Debtor Catholic Entities pay the Debtor
12 through ACH or wire transfer, and the Debtor pays a majority of its third-party vendors and service
13 providers through check, ACH, or wire transfer. Accordingly, to avoid any disruption or claims against
14 the Debtor, the Debtor is seeking to continue its prepetition debit, wire, and ACH practices during the
15 Chapter 11 Case.

16 115. Although the Debtor requests that it be allowed to maintain its prepetition Bank Accounts,
17 the Banks at which such accounts are kept must adhere to certain guidelines. Specifically, unless otherwise
18 ordered by this Court, no Bank shall honor or pay any check issued on account of a prepetition claim. The
19 Banks may honor any checks issued on account of prepetition claims only where this Court has specifically
20 authorized such checks to be honored. Furthermore, the Debtor requests that the Banks be authorized to
21 accept and honor all representations from the Debtor as to which checks should be honored or dishonored
22 consistent with any order(s) of this Court, whether or not the checks are dated prior to, on, or subsequent
23 to the Petition Date. The Banks should not be liable to any party on account of following the Debtor's
24 instructions or representations regarding which checks should be honored. Should any Bank honor a
25 prepetition check, draft, wire transfer, ACH transfer or other debit drawn on a Bank Account (a) at the
26 direction of the Debtor to honor such prepetition check or item, (b) in a good faith belief that the Court
27 has authorized such prepetition item to be honored, (c) as a result of an innocent mistake made despite the
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DEBTOR'S MOTION TO MAINTAIN CASH MANAGEMENT SYSTEM

1 implementation of customary item handling procedures, or (d) consistent with its past practices under the
2 Cash Management System, such Bank should not be liable to the Debtor or its estate or otherwise in
3 violation of the Proposed Interim Order. Further, the Debtor requests that the Banks shall have no liability
4 for any operational processing errors that are the result of human error.

5 116. To minimize expenses, the Debtor should also be permitted to maintain and continue to
6 use its Business Forms existing immediately before the Petition Date. Strict compliance with the UST
7 Guidelines, which require reprinting such documents, would unnecessarily increase the Debtor's expenses
8 and would risk confusing the Debtor's customers, suppliers, and employees. Accordingly, the Debtor
9 believes it is appropriate to continue to use all Business Forms as such forms were in existence prior to
10 the commencement of this Chapter 11 Case, without any reference to the Debtor's current status as a
11 debtor in possession.

12 117. The Debtor expects to receive new check stock bearing the label "Debtor-In-Possession"
13 within 30 days after the Petition Date. The Debtor will use those checks going forward once they become
14 available through the effective date of a confirmed chapter 11 plan of reorganization or such other date as
15 the Court directs. By this Cash Management Motion, the Debtor requests to be allowed to continue using
16 its existing check stock during this interim period before its "Debtor-In-Possession" checks become
17 available.

18 118. In short, any benefits of the Debtor's strict compliance with the UST Guidelines would be
19 far outweighed by the resulting expense, inefficiency, and disruption to the Debtor's mission, ministries,
20 and Chancery operations. Accordingly, the Debtor requests authority to maintain its Bank Accounts and
21 Business Forms during the Chapter 11 Case. Furthermore, the Debtor seeks a waiver of the UST
22 Guidelines to the extent that requirements outlined therein otherwise conflict with (i) the Debtor's existing
23 practices under the Cash Management System, (ii) any action taken by the Debtor in accordance with the
24 Proposed Interim Order, or (iii) any other order entered in this Chapter 11 Case.

1 **E. Waiver of the Requirements of Section 345(b) of the Bankruptcy Code Is**
2 **Warranted**

3 119. Section 345(a) of the Bankruptcy Code governs a debtor’s deposit and investment of cash
4 during a chapter 11 case and authorizes such deposits or investments as “will yield the maximum
5 reasonable net return on such money, taking into account the safety of such deposit or investment.” 11
6 U.S.C. § 345(a). For deposits or investments that are not “insured or guaranteed by the United States or
7 by a department, agency, or instrumentality of the United States or backed by the full faith and credit of
8 the United States,” section 345(b) of the Bankruptcy Code requires that the debtor obtain from the “entity
9 with which the money is deposited or invested a bond in favor of the United States [that is] secured by the
10 undertaking of a[n adequate] corporate surety . . . unless the court for cause orders otherwise. 11 U.S.C. §
11 345(b).⁴

12 120. In chapter 11 cases such as this one, strict adherence to the requirements of section 345(b)
13 of the Bankruptcy Code would be inconsistent with the value-maximizing purpose of chapter 11 by unduly
14 hampering a debtor’s ability under section 345(a) to invest money such “as will yield the maximum
15 reasonable net return on such money.” As a result, in 1994, to avoid “needlessly handcuff[ing] larger,
16 more sophisticated debtors,” Congress amended section 345(b) to provide that its strict investment
17 requirements may be waived or modified if the court so orders “for cause.” 140 Cong. Rec. H. 10,767
18 (Oct. 4, 1994). Here, the Debtor satisfies both the procedural and substantive requirements necessary to
19 obtain a waiver of section 345(b) of the Bankruptcy Code.

20 121. First, as set forth above, 14 Bank Accounts are maintained at Banks – Union Bank, U.S.
21 Bank, and Citigroup – that have been approved by the U.S. Trustee as “authorized depositories” in
22 accordance with the UST Guidelines. That presumably means they have complied with the requirements
23 of section 345. To the extent that any Bank Accounts are not in technical compliance with the
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⁴ In the alternative, the estate may require such entity to deposit governmental securities pursuant to 31 U.S.C. § 9303, which
27 provides that when a person is required by law to give a surety bond, that person, in lieu of a surety bond, may instead provide
28 an eligible obligation, designated by the Secretary of the Treasury, as an acceptable substitute for a surety bond. 31 U.S.C. §
9303(a).

1 requirements of section 345, the Debtor seeks to have such requirements waived so as to allow the
2 applicable Banks to accept and hold cash in accordance with the Debtor's prepetition practices.

3 122. As stated above, the Schwab Brokerage Account is used solely to receive and liquidate
4 Stock Donations transferred to the Debtor, then to distribute the liquidation proceeds to one of the Bank
5 Accounts as appropriate depending on whether the gift is restricted or unrestricted. The amount held at
6 the Schwab Brokerage Account, or more precisely the account holding the Debtor's cash at one of
7 Schwab's affiliated and FDIC-insured banks, currently holds approximately \$32,000, well below the
8 \$250,000 FDIC insurance cap. To the extent the amount of cash in the Schwab Brokerage Account
9 increases, it is merely a temporary increase until the Debtor can transfer the proceeds of stock liquidations
10 to one of its Bank Accounts. Moreover, Schwab is a reputable asset manager that, along with its affiliated
11 banks, holds significant assets and deposits for its customers.

12 123. There is cause to warrant a waiver of the requirements of section 345(b) of the Bankruptcy
13 Code. Courts consider the "totality of the circumstances" in determining whether "cause" exists, with
14 particular regard to the following factors:

- 15 a) The sophistication of the debtor's business;
- 16 b) The size of the debtor's business operations;
- 17 c) The amount of investments involved;
- 18 d) The bank ratings (Moody's and Standard and Poor) of the financial institutions where debtor
19 in possession funds are held;
- 20 e) The complexity of the case;
- 21 f) The safeguards in place within the debtor's own business of insuring the safety of the funds;
- 22 g) The debtor's ability to reorganize in the face of a failure of one or more of the financial
23 institutions;
- 24 h) The benefit to the debtor;
- 25 i) The harm, if any, to the estate; and
- 26 j) The reasonableness of the debtor's request for relief from § 345(b) requirements in light of the
27 overall circumstances of the case.

28 DEBTOR'S MOTION TO MAINTAIN CASH MANAGEMENT SYSTEM

1 *In re Serv. Merch. Co.*, 240 B.R. 894, 896 (Bankr. M.D. Tenn. 1999).

2 124. Here, cause exists to waive strict compliance with section 345 as to any Bank Accounts
3 and the Schwab Brokerage Account because, among other things: (i) all of the Banks holding significant
4 balances, and the Schwab Brokerage Account which holds a five-digit sum, are highly rated, reputable
5 banks that are subject to supervision by government regulators; (ii) the Debtor retains the right to close
6 accounts with the Banks and establish new bank accounts as needed; (iii) the cost associated with
7 satisfying the requirements of section 345(b) is needlessly burdensome to the Debtor and its estate; and
8 (iv) the process of satisfying such requirements would lead to needless inconvenience and inefficiencies
9 in the management of the Debtor's operations.

10 125. The benefits of a waiver would far outweigh any potential harm to the estate from
11 noncompliance with section 345(b). The nature of the Debtor's operations requires multiple bank
12 accounts. The Debtor submits that the costs of disruption to the business by having to close numerous
13 accounts far outweighs the risks of the Debtor continuing to maintain its existing Bank Accounts and the
14 Schwab Brokerage Account during the administration of this Chapter 11 Case. Moreover, a bond secured
15 by the undertaking of a corporate surety would be prohibitively expensive (if such a bond could be
16 obtained at all).

17 126. Accordingly, the Court should waive the requirements of section 345(b) of the Bankruptcy
18 Code in this Chapter 11 Case on a final basis.

19 127. However, if the U.S. Trustee needs additional time to consider the waiver, in the
20 alternative, the Court should, on an interim basis, extend the Debtor's time to comply with the
21 requirements of section 345(b) of the Bankruptcy Code for thirty (30) days while the Debtor discusses the
22 issue with the U.S. Trustee and any statutory committees appointed in this Chapter 11 Case.

23 **F. Basis for Relief Under Bankruptcy Rule 6003(b)**

24 128. Bankruptcy Rule 6003(b) provides that, to the extent relief is necessary to avoid immediate
25 and irreparable harm, the Court may issue an order within the first 21 days of a chapter 11 case granting
26 "a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a
27 motion to pay all or part of a claim that arose before the filing of the petition." Fed. R. Bankr. P. 6003(b).

28 DEBTOR'S MOTION TO MAINTAIN CASH MANAGEMENT SYSTEM

1 1993 (42 U.S.C. §§ 2000bb-2000bb-4), the church autonomy doctrine, charitable trust law, California
2 trust law, and the Debtor's rights under any insurance policies and to proceeds thereof, and to object to
3 disclosure of information and contend that certain assets discussed in this Cash Management Motion are
4 not property of the estate.

5 **VII.**
6 **NOTICE**

7 134. Notice of this Cash Management Motion will be provided to (i) the Office of the U.S.
8 Trustee for Region 17; (ii) the Debtor's 20 largest unsecured creditors; (iii) the Office of the California
9 Attorney General; (iv) the Banks; (v) counsel for RCC; and (vi) those persons who have formally appeared
10 in this Chapter 11 Case and requested service pursuant to Bankruptcy Rule 2002. Based on the urgency
11 of the circumstances surrounding this Cash Management Motion and the nature of the relief requested
12 herein, the Debtor respectfully submits that no further notice is required.

13 **VIII.**
14 **CONCLUSION**

15 135. WHEREFORE, the Debtor respectfully requests entry of interim and final orders order
16 granting the relief requested in this Cash Management Motion and such other and further relief as the
17 Court may deem just and appropriate

18 DATED: May 8, 2023

19 **FOLEY & LARDNER LLP**

20 Jeffrey R. Blease
21 Thomas F. Carlucci
22 Shane J. Moses
23 Emil P. Khatchatourian
24 Ann Marie Uetz
25 Matthew D. Lee

26 */s/ Thomas F. Carlucci*

27 THOMAS F. CARLUCCI

28 *Proposed Counsel for the Debtor
and Debtor in Possession*

DEBTOR'S MOTION TO MAINTAIN CASH MANAGEMENT SYSTEM

Exhibit A

1 **FOLEY & LARDNER LLP**

2 Jeffrey R. Blease (CA Bar. No. 134933)

3 Tel: (617) 226-3155; jblease@foley.com

4 Thomas F. Carlucci (CA Bar No. 135767)

5 Tel: (415) 984-9824; tcarlucchi@foley.com

6 Shane J. Moses (CA Bar No. 250533)

7 Tel: (415) 438-6404; smoses@foley.com

8 Emil P. Khatchatourian (CA Bar No. 265290)

9 Tel: (312) 832-5156; ekhatchatourian@foley.com

10 Ann Marie Uetz (pro hac vice application pending)

11 Tel: (313) 234-7114; auetz@foley.com

12 Matthew D. Lee (pro hac vice application pending)

13 Tel: (608) 258-4203; mdlee@foley.com

14 555 California Street, Suite 1700

15 San Francisco, CA 94104-1520

16 *Proposed Counsel for the Debtor
and Debtor in Possession*

17 **UNITED STATES BANKRUPTCY COURT**
18 **NORTHERN DISTRICT OF CALIFORNIA**
19 **OAKLAND DIVISION**

20 In re:

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

23 Debtor.

Case No. 23-40523

Chapter 11

**[PROPOSED] INTERIM ORDER
(I) AUTHORIZING THE DEBTOR TO (A)
CONTINUE EXISTING CASH
MANAGEMENT SYSTEM, (B) HONOR
CERTAIN PREPETITION OBLIGATIONS
RELATED TO THE USE THEREOF,
(C) CONTINUE INTERCOMPANY
ARRANGEMENTS, (D) MAINTAIN
EXISTING BANK ACCOUNTS AND
BUSINESS FORMS, AND (E) CONTINUE
USE OF EXISTING CREDIT CARD
ACCOUNTS; AND (II) WAIVING CERTAIN
REQUIREMENTS OF 11 U.S.C. § 345(b)**

Judge: Hon. William J. Lafferty

Date: TBD

Time: TBD

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

1 Upon the *Debtor's Motion For Interim and Final Orders Authorizing the Debtor to (I) (A)*
2 *Continue Existing Cash Management System, (B) Honor Certain Prepetition Obligations Related to the*
3 *Use Thereof, (C) Continue Intercompany Arrangements, (D) Maintain Existing Bank Accounts and*
4 *Business Forms, and (E) Continue Use of Existing Credit Card Accounts; and (II) Waive Certain*
5 *Requirements of 11 U.S.C. § 345(b), dated May 8, 2023 (the "Chapter 11 Case" or the "Bankruptcy*
6 *Case"),*¹ filed by The Roman Catholic Bishop of Oakland, a California corporation sole, and the debtor
7 and debtor in possession (the "Debtor" or "RCBO") in the above-captioned chapter 11 bankruptcy case
8 (the "Bankruptcy Case"), seeking entry of interim and final orders authorizing the Debtor to (i)(a) maintain
9 its Cash Management System in the ordinary course of business and consistent with the Debtor's
10 prepetition practices, including the continued maintenance of existing bank accounts at the Banks, (b)
11 honor certain prepetition obligations related to the Cash Management System, (c) continue certain
12 intercompany arrangements among the Debtor and certain of its non-Debtor affiliates, (d) maintain
13 existing bank accounts and business forms, and (e) continue use of existing credit card accounts; and
14 (ii) waive certain requirements of section 345(b) of the Bankruptcy Code to the extent they apply to the
15 Debtor's bank accounts; the Court having reviewed and considered the Cash Management Motion, the
16 First Day Declaration, all other filings in support of any opposition to the Cash Management Motion, and
17 the arguments made at the interim hearing on the Cash Management Motion; the Court finding that it has
18 jurisdiction over this matter, that venue in this Court is proper, and that notice of the Cash Management
19 Motion and the interim hearing thereon was reasonable and sufficient under the circumstances for the
20 granting of interim relief; the Court finding that there is good cause for entry of an immediate interim
21 order pursuant to Fed. R. Bankr. P. 6003, and that ample cause exists to grant a waiver of the 14-day stay
22 imposed by Bankruptcy Rule 6004(h) for the entry of an interim order granting the Cash Management
23 Motion; and the Court having found and determined that notice of the Cash Management Motion as
24 provided to the parties listed therein is reasonable and sufficient under the circumstances, and it appearing
25 that no other or further notice need be provided; and the Court further finding that the relief requested in
26

27 _____
28 ¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Cash Management Motion.

1 the Cash Management Motion is in the best interests of the Debtor, its creditors, and other parties in
2 interest; and after due deliberation and good cause appearing,

3 **IT IS HEREBY ORDERED THAT:**

4 1. The Cash Management Motion is granted on an interim basis to the extent set forth herein.

5 2. The Debtor is authorized, but not directed, to continue to (a) maintain and manage its cash
6 pursuant to the Cash Management System in the same manner as before the Petition Date, (b) collect and
7 disburse cash in accordance with the Cash Management System, including the performance of
8 Intercompany Transactions between and among the Debtor, Churches, and Non-Debtor Catholic Entities,
9 in the ordinary course of business and consistent with the Debtor's prepetition practices, (c) make ordinary
10 course changes to its Cash Management System, without further order of the Court, and (d) use its Credit
11 Card Accounts, subject to the terms and conditions of each Credit Card Account.

12 3. Each of the Banks is authorized, but not directed, to continue to honor transfers of funds to
13 and from the Bank Accounts.

14 4. The Debtor is further authorized to (i) designate, maintain, and continue to use any or all
15 of its existing Bank Accounts in the names and with the account numbers existing immediately before the
16 Petition Date, including those accounts listed on Schedule 1 attached hereto, (ii) deposit funds in, and
17 withdraw funds from, such accounts by all usual means, including, without limitation, checks, wire
18 transfers, ACH transfers, and other debits, (iii) pay any Bank Fees, Payment Processing Fees, or other
19 charges associated with the Bank Accounts, whether arising before or after the Petition Date, and (iv) treat
20 its prepetition Bank Accounts for all purposes as debtor in possession accounts.

21 5. The Debtor is authorized to designate, maintain, and continue to use the Schwab Account
22 in the name and with the account number existing immediately before the Petition Date, and in the event
23 that Stock Donations are received on or after the Petition Date, the Debtor is authorized, but not directed,
24 to monetize Stock Donations and make transfers of proceeds in the ordinary course of business and
25 consistent with prepetition practices

26 6. The Debtor is authorized, but not directed, to open new bank accounts and all accounts
27 opened by the Debtor on or after the Petition Date at any bank shall, for purposes of this Interim Order,
28

INTERIM ORDER AUTHORIZING DEBTOR TO MAINTAIN CASH MANAGEMENT SYSTEM

1 be deemed a Bank Account as if it had been listed on Schedule 1; *provided*, that such account opening
2 shall be timely indicated on the Debtor's monthly operating reports, and notice of such account opening
3 shall be provided to the U.S. Trustee.

4 7. The Debtor is authorized, but not directed, to continue using its Credit Card Accounts,
5 subject to the terms and conditions of each such Credit Card Account.

6 8. All Banks with which the Debtor maintained Bank Accounts are authorized to debit the
7 Debtor's accounts in the ordinary course of business, without the need for further order of this Court, with
8 respect to: (i) all checks or other items deposited in the Debtor's Bank Accounts with such Bank prior to
9 the Petition Date which have been dishonored or returned unpaid for any reason, together with any fees
10 and costs in connection therewith, to the same extent the Debtor was responsible for such items prior to
11 the Petition Date, and (ii) all undisputed prepetition amounts outstanding as of the date hereof, if any,
12 owed to any Bank as Bank Fees or Payment Processing Fees for the maintenance of or in connection with
13 the Cash Management System, which shall include all amounts owed by the Debtor to any Bank to repay
14 or reimburse such Bank in connection with ordinary course ACH transactions executed on behalf of or for
15 the accounts of the Debtor.

16 9. The Banks and Schwab are authorized to charge, and the Debtor is authorized and directed
17 to pay, honor, or allow, both prepetition and postpetition fees, costs, charges, and expenses, including the
18 Bank Fees and Payment Processing fees in the ordinary course.

19 10. The Banks and Schwab shall not be liable to any party on account of: (i) following the
20 Debtor's representations, instructions, or presentations as to any order of the Court (without any duty of
21 further inquiry); (ii) the honoring of any prepetition checks, drafts, wires, or ACH transfers in a good-faith
22 belief or upon a representation by the Debtor that the Court has authorized such prepetition check, draft,
23 wires, or ACH transfers; or (iii) an innocent mistake made despite implementation of reasonable handling
24 procedures.

25 11. Nothing contained in this Final Order shall prevent the Debtor from closing any Bank
26 Account or the Schwab Brokerage Account in the ordinary course and in accordance with its prepetition
27 practices as it may deem necessary and appropriate, any relevant Bank or Schwab is authorized to honor
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INTERIM ORDER AUTHORIZING DEBTOR TO MAINTAIN CASH MANAGEMENT SYSTEM

1 the Debtor's requests to close any Bank Account or the Schwab Brokerage Account, and the Debtor shall
2 give notice of the closure of any Bank Account or the Schwab Brokerage Account to the U.S. Trustee.

3 12. Unless otherwise provided in this Interim Order, the requirements of section 345(b) of the
4 Bankruptcy Code and the provisions of the UST Guidelines related to authorized depositories are hereby
5 waived through and including the date of the final hearing on the Cash Management Motion set forth in
6 Paragraph 16 of this Interim Order.

7 13. The Debtor is authorized, but not directed, to use its existing Business Forms and not print
8 "Debtor-in-Possession" on any of its existing Business Forms, and any otherwise applicable requirement
9 that the Debtor print "Debtor-in-Possession" on any new checks ordered during the Bankruptcy Case, or
10 that the Debtor change its system for electronic generation of checks and Business Forms to reflect its
11 status as a debtor in possession, is hereby waived through and including the date of the final hearing on
12 the Cash Management Motion set forth in Paragraph 16 of this Interim Order.

13 14. Nothing contained in this Interim Order or the Cash Management Motion is intended to be
14 or shall be construed as (a) an admission regarding the validity of any prepetition claim against the Debtor;
15 (b) a promise or requirement to pay any prepetition claim; (c) a request or authorization to assume any
16 prepetition executory contract; (d) a waiver of the Debtor's, or any estate representative's, right to dispute
17 any claim on any grounds; or (e) otherwise a waiver of the Debtor's rights under the Bankruptcy Code or
18 other applicable law.

19 15. This Order shall be immediately effective and enforceable upon entry.

20 16. A final hearing on the Cash Management Motion shall be held on [_____, 2023]
21 at __:__.m.] (Prevailing Pacific Time). Any objections to the granting of the relief requested in the Cash
22 Management Motion on a final basis shall be filed not later than [_____, 2023].

23 17. The Debtor is authorized to take all actions necessary or appropriate to effectuate the relief
24 granted in this Interim Order.

25 18. This Court shall retain jurisdiction with respect to all matters arising from or related to the
26 implementation of or interpretation of this Order.

27 ** END OF ORDER **

28 INTERIM ORDER AUTHORIZING DEBTOR TO MAINTAIN CASH MANAGEMENT SYSTEM

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Schedule 1

List of Banks and Bank Accounts

Roman Catholic Bishop of Oakland

EXHIBIT D - Bank Account Listing

#	Description	Bank	Acct # (last 4 digits)
1	Unrestricted General Operating Acct.	Union Bank	x5713
2	Unrestricted Church Assessments Money Market Acct.	US Bank	x1325
3	Unrestricted Checking Acct.	US Bank	x1333
4	Unrestricted Money Market Acct.	US Bank	x1390
5	Unrestricted Money Market Acct.	US Bank	x1408
6	Unrestricted Bishop's Checking Acct.	Union Bank	x3154
7	Schwab Brokerage Acct.	Schwab	x1468
8	Restricted Utility Adequate Assurance Acct.	US Bank	x1382
9	Restricted Held-In-Trust Checking Acct.	US Bank	x1374
10	Restricted Held-In-Trust Acct. Money Market	US Bank	x1416
11	Restricted FSA Acct.	Union Bank	x8474
12	Restricted Benefit Plans Acct.	US Bank	x1358
13	Restricted WC/Package Insurance Acct.	US Bank	x1366
14	Restricted SIR Imprest Acct.	Citi Bank	x6706
15	Restricted BMA Acct.	US Bank	x1341

Exhibit B

1 **FOLEY & LARDNER LLP**

2 Jeffrey R. Blease (CA Bar. No. 134933)

3 Tel: (617) 226-3155; jblease@foley.com

4 Thomas F. Carlucci (CA Bar No. 135767)

5 Tel: (415) 984-9824; tcarlucchi@foley.com

6 Shane J. Moses (CA Bar No. 250533)

7 Tel: (415) 438-6404; smoses@foley.com

8 Emil P. Khatchatourian (CA Bar No. 265290)

9 Tel: (312) 832-5156; ekhatchatourian@foley.com

10 Ann Marie Uetz (pro hac vice application pending)

11 Tel: (313) 234-7114; auetz@foley.com

12 Matthew D. Lee (pro hac vice application pending)

13 Tel: (608) 258-4203; mdlee@foley.com

14 555 California Street, Suite 1700

15 San Francisco, CA 94104-1520

16 *Proposed Counsel for the Debtor
and Debtor in Possession*

17 **UNITED STATES BANKRUPTCY COURT**
18 **NORTHERN DISTRICT OF CALIFORNIA**
19 **OAKLAND DIVISION**

20 In re:

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

23 Debtor.

Case No. 23-40523

Chapter 11

**[PROPOSED] FINAL ORDER
(I) AUTHORIZING THE DEBTOR TO
(A) CONTINUE EXISTING CASH
MANAGEMENT SYSTEM, (B) HONOR
CERTAIN PREPETITION OBLIGATIONS
RELATED TO THE USE THEREOF,
(C) CONTINUE INTERCOMPANY
ARRANGEMENTS, (D) MAINTAIN
EXISTING BANK ACCOUNTS AND
BUSINESS FORMS, AND (E) CONTINUE
USE OF EXISTING CREDIT CARD
ACCOUNTS; AND (II) WAIVING CERTAIN
REQUIREMENTS OF 11 U.S.C. § 345(b)**

Judge: Hon. William J. Lafferty

Date: TBD

Time: TBD

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

1 Upon the *Debtor's Motion For Interim and Final Orders Authorizing the Debtor to (I) (A)*
2 *Continue Existing Cash Management System, (B) Honor Certain Prepetition Obligations Related to the*
3 *Use Thereof, (C) Continue Intercompany Arrangements, (D) Maintain Existing Bank Accounts and*
4 *Business Forms, and (E) Continue Use of Existing Credit Card Accounts; and (II) Waive Certain*
5 *Requirements of 11 U.S.C. § 345(b), dated May 8, 2023 (the "Cash Management Motion")*,¹ filed by The
6 Roman Catholic Bishop of Oakland, a California corporation sole, and the debtor and debtor in possession
7 (the "Debtor" or "RCBO") in the above-captioned chapter 11 bankruptcy case (the "Chapter 11 Case" or
8 the "Bankruptcy Case"), seeking entry of interim and final orders authorizing the Debtor to (i)(a) maintain
9 its Cash Management System in the ordinary course of business and consistent with the Debtor's
10 prepetition practices, including the continued maintenance of existing bank accounts at the Banks,
11 (b) honor certain prepetition obligations related to the Cash Management System, (c) continue certain
12 intercompany arrangements among the Debtor and certain of its non-Debtor affiliates, (d) maintain
13 existing bank accounts and business forms, and (e) continue use of existing credit card accounts; and
14 (ii) waive certain requirements of section 345(b) of the Bankruptcy Code to the extent they apply to the
15 Debtor's bank accounts; the Court having reviewed and considered the Cash Management Motion, the
16 First Day Declaration, all other filings in support of any opposition to the Cash Management Motion, and
17 the arguments made at the interim and final hearings on the Cash Management Motion; the Court finding
18 that it has jurisdiction over this matter, that venue in this Court is proper, and that notice of the Cash
19 Management Motion and the interim and final hearings thereon was reasonable and sufficient under the
20 circumstances for the granting of final relief; the Court finding that ample cause exists to grant a waiver
21 of the 14-day stay imposed by Bankruptcy Rule 6004(h) for the entry of a final order granting the Cash
22 Management Motion; and the Court having found and determined that notice of the Cash Management
23 Motion as provided to the parties listed therein is reasonable and sufficient under the circumstances, and
24 it appearing that no other or further notice need be provided; and the Court further finding that the relief

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¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Cash Management Motion.

1 requested in the Cash Management Motion is in the best interests of the Debtor, its creditors, and other
2 parties in interest; and after due deliberation and good cause appearing,

3 **IT IS HEREBY ORDERED THAT:**

4 1. The Cash Management Motion is granted on a final basis to the extent set forth herein.

5 2. The Debtor is authorized, but not directed, to continue to (a) maintain and manage its cash
6 pursuant to the Cash Management System in the same manner as before the Petition Date, (b) collect and
7 disburse cash in accordance with the Cash Management System, including the performance of
8 Intercompany Transactions between and among the Debtor, Churches, and Non-Debtor Catholic Entities,
9 in the ordinary course of business and consistent with the Debtor's prepetition practices, (c) make ordinary
10 course changes to its Cash Management System, without further order of the Court, and (d) use its Credit
11 Card Accounts, subject to the terms and conditions of each Credit Card Account.

12 3. Each of the Banks is authorized, but not directed, to continue to honor transfers of funds to
13 and from the Bank Accounts.

14 4. The Debtor is further authorized to (i) designate, maintain, and continue to use any or all
15 of its existing Bank Accounts in the names and with the account numbers existing immediately before the
16 Petition Date, including those accounts listed on Schedule 1 attached hereto, (ii) deposit funds in, and
17 withdraw funds from, such accounts by all usual means, including, without limitation, checks, wire
18 transfers, ACH transfers, and other debits, (iii) pay any Bank Fees, Payment Processing Fees, or other
19 charges associated with the Bank Accounts, whether arising before or after the Petition Date, and (iv) treat
20 its prepetition Bank Accounts for all purposes as debtor in possession accounts.

21 5. The Debtor is authorized to designate, maintain, and continue to use the Schwab Brokerage
22 Account in the name and with the account number existing immediately before the Petition Date, and in
23 the event that Stock Donations are received on or after the Petition Date, the Debtor is authorized, but not
24 directed, to monetize Stock Donations and make transfers of proceeds in the ordinary course of business
25 and consistent with prepetition practices

26 6. The Debtor is authorized, but not directed, to open new bank accounts and all accounts
27 opened by the Debtor on or after the Petition Date at any bank shall, for purposes of this Final Order, be
28

1 deemed a Bank Account as if it had been listed on **Schedule 1**; *provided*, that such account opening shall
2 be timely indicated on the Debtor's monthly operating reports, and notice of such account opening shall
3 be provided to the U.S. Trustee.

4 7. The Debtor is authorized, but not directed, to continue using its Credit Card Accounts,
5 subject to the terms and conditions of each such Credit Card Account.

6 8. All Banks with which the Debtor maintained Bank Accounts are authorized to debit the
7 Debtor's accounts in the ordinary course of business, without the need for further order of this Court, with
8 respect to: (i) all checks or other items deposited in the Debtor's Bank Accounts with such Bank prior to
9 the Petition Date which have been dishonored or returned unpaid for any reason, together with any fees
10 and costs in connection therewith, to the same extent the Debtor was responsible for such items prior to
11 the Petition Date, and (ii) all undisputed prepetition amounts outstanding as of the date hereof, if any,
12 owed to any Bank as Bank Fees or Payment Processing Fees for the maintenance of or in connection with
13 the Cash Management System, which shall include all amounts owed by the Debtor to any Bank to repay
14 or reimburse such Bank in connection with ordinary course ACH transactions executed on behalf of or for
15 the accounts of the Debtor.

16 9. The Banks and Schwab are authorized to charge, and the Debtor is authorized and directed
17 to pay, honor, or allow, both prepetition and postpetition fees, costs, charges, and expenses, including the
18 Bank Fees and Payment Processing fees in the ordinary course.

19 10. The Banks and Schwab shall not be liable to any party on account of: (i) following the
20 Debtor's representations, instructions, or presentations as to any order of the Court (without any duty of
21 further inquiry); (ii) the honoring of any prepetition checks, drafts, wires, or ACH transfers in a good-faith
22 belief or upon a representation by the Debtor that the Court has authorized such prepetition check, draft,
23 wires, or ACH transfers; or (iii) an innocent mistake made despite implementation of reasonable handling
24 procedures.

25 11. Nothing contained in this Final Order shall prevent the Debtor from closing any Bank
26 Account or the Schwab Brokerage Account in the ordinary course and in accordance with its prepetition
27 practices as it may deem necessary and appropriate, any relevant Bank or Schwab is authorized to honor
28

1 the Debtor's requests to close any Bank Account or the Schwab Brokerage Account, and the Debtor shall
2 give notice of the closure of any Bank Account or the Schwab Brokerage Account to the U.S. Trustee.

3 12. Unless otherwise provided in this Final Order, the requirements of section 345(b) of the
4 Bankruptcy Code and the provisions of the UST Guidelines related to authorized depositories are hereby
5 waived.

6 13. The Debtor is authorized, but not directed, to use its existing Business Forms and not print
7 "Debtor-in-Possession" on any of its existing Business Forms, and any otherwise applicable requirement
8 that the Debtor print "Debtor-in-Possession" on any new checks ordered during the Bankruptcy Case, or
9 that the Debtor change its system for electronic generation of checks and Business Forms to reflect its
10 status as a debtor in possession, is hereby waived.

11 14. Nothing contained in this Final Order or the Cash Management Motion is intended to be
12 or shall be construed as (a) an admission regarding the validity of any prepetition claim against the Debtor;
13 (b) a promise or requirement to pay any prepetition claim; (c) a request or authorization to assume any
14 prepetition executory contract; (d) a waiver of the Debtor's, or any estate representative's, right to dispute
15 any claim on any grounds; or (e) otherwise a waiver of the Debtor's rights under the Bankruptcy Code or
16 other applicable law.

17 15. This Order shall be immediately effective and enforceable upon entry.

18 16. The Debtor is authorized to take all actions necessary or appropriate to effectuate the relief
19 granted in this Final Order.

20 17. This Court shall retain jurisdiction with respect to all matters arising from or related to the
21 implementation of or interpretation of this Order.

22 ** END OF ORDER **
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FINAL ORDER AUTHORIZING DEBTOR TO MAINTAIN CASH MANAGEMENT SYSTEM

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Schedule 1

List of Banks and Bank Accounts

Roman Catholic Bishop of Oakland

EXHIBIT D - Bank Account Listing

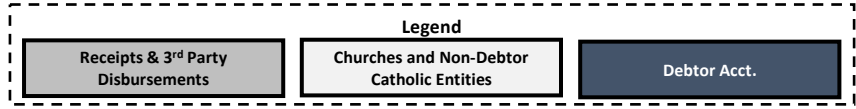
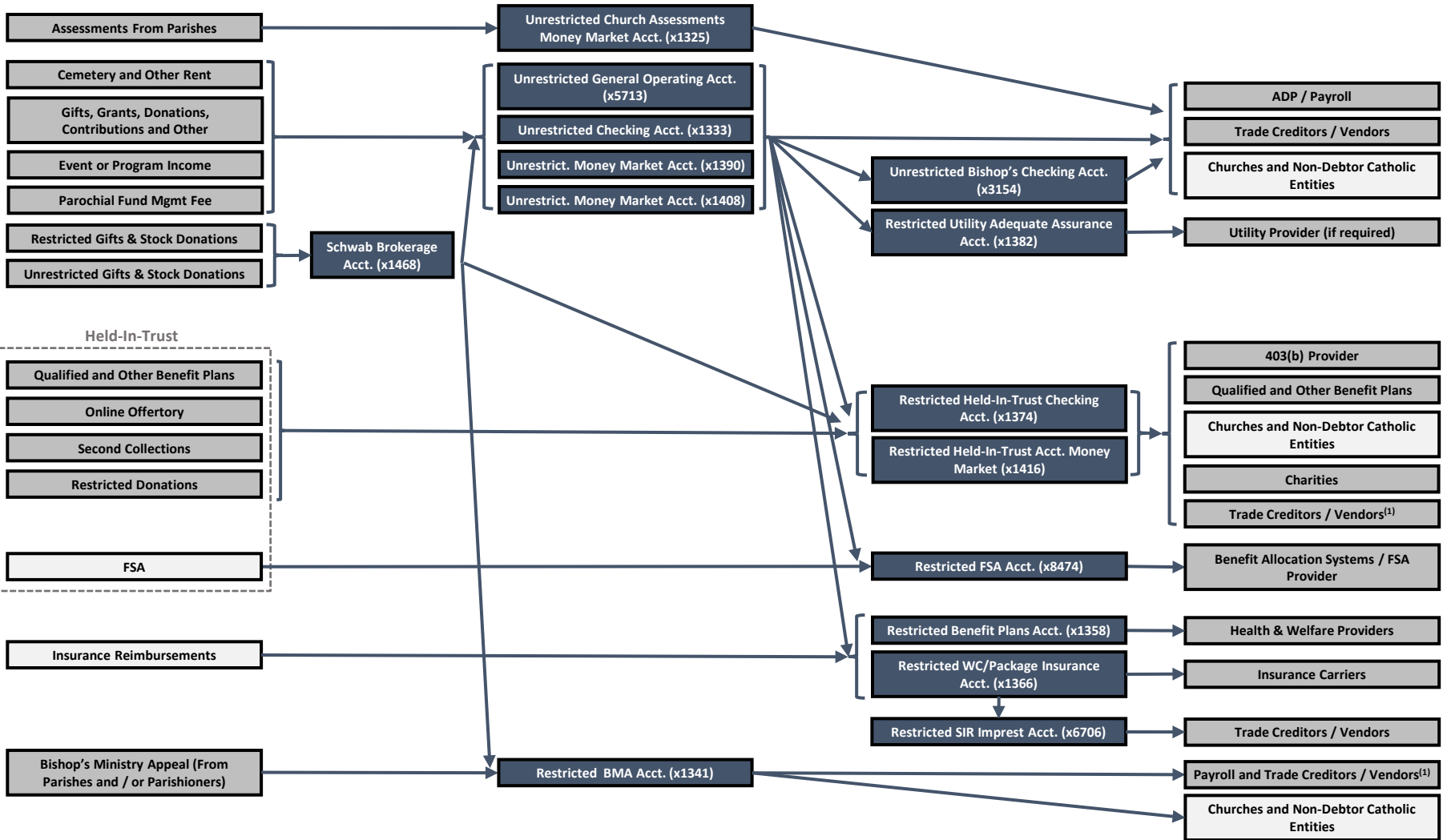
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1	Unrestricted General Operating Acct.	Union Bank	x5713
2	Unrestricted Church Assessments Money Market Acct.	US Bank	x1325
3	Unrestricted Checking Acct.	US Bank	x1333
4	Unrestricted Money Market Acct.	US Bank	x1390
5	Unrestricted Money Market Acct.	US Bank	x1408
6	Unrestricted Bishop's Checking Acct.	Union Bank	x3154
7	Schwab Brokerage Acct.	Schwab	x1468
8	Restricted Utility Adequate Assurance Acct.	US Bank	x1382
9	Restricted Held-In-Trust Checking Acct.	US Bank	x1374
10	Restricted Held-In-Trust Acct. Money Market	US Bank	x1416
11	Restricted FSA Acct.	Union Bank	x8474
12	Restricted Benefit Plans Acct.	US Bank	x1358
13	Restricted WC/Package Insurance Acct.	US Bank	x1366
14	Restricted SIR Imprest Acct.	Citi Bank	x6706
15	Restricted BMA Acct.	US Bank	x1341

Exhibit C

CASH MANAGEMENT SYSTEM FLOW CHART

Inflows/Receipts (& Pass-through)

Outflows/Disbursements (Expenses & Pass-Through)



(1): Restricted expenses may be disbursed from unrestricted accounts for administrative efficiency and are then reimbursed from the appropriate restricted account.

Exhibit D

Roman Catholic Bishop of Oakland

EXHIBIT D - Bank Account Listing

#	Description	Bank	Acct # (last 4 digits)
1	Unrestricted General Operating Acct.	Union Bank	x5713
2	Unrestricted Church Assessments Money Market Acct.	US Bank	x1325
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15	Restricted BMA Acct.	US Bank	x1341