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*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 WJL

Chapter 11

**DECLARATION OF MATTHEW D. LEE
IN SUPPORT OF DEBTOR'S MOTION TO
DISMISS CHAPTER 11 CASE PURSUANT
TO 11 U.S.C. §1112(B)**

Judge: Hon. William J. Lafferty

Date: October 8, 2025

Time: 10:30 a.m.

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

I, Matthew D. Lee, do hereby declare as follows:

1. The following facts are personally known to me, and if called to do so, I could and would competently testify thereto.



1 2. I am an attorney admitted to practice before all courts in the State of Wisconsin and various
2 federal district and bankruptcy courts. I have been granted *pro hac vice* status to appear in the above-
3 captioned case. I am a partner with the law firm of Foley & Lardner LLP (“Foley”).

4 3. I submit this declaration in Support of the *Debtor’s Motion to Dismiss Chapter 11 Case*
5 *Pursuant to 11 U.S.C. §1112(b)* (the “Motion to Dismiss”).

6 4. I have personally reviewed the information contained in the Motion to Dismiss, and believe
7 its contents to be true and correct to the best of my knowledge, information and belief.

8 5. On August 25, 2025, Foley, at the Debtor’s direction, transmitted a final settlement offer
9 to attorneys at Lowenstein Sandler LLP (“Lowenstein”), counsel for the Official Committee of Unsecured
10 Creditors (the “Committee”). A true and accurate copy of this offer, in redacted form, is attached hereto
11 as Exhibit A.

12 6. Also on August 25, 2025, Foley transmitted this offer to counsel for each of the Debtor’s
13 insurance carriers (the “Insurers”).

14 Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and
15 correct.

16 Executed this 9th day of September, 2025.

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19 /s/ Matthew D. Lee
20 Matthew D. Lee, Esq.
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DECLARATION OF LEE ISO DEBTOR’S MOTION TO DISMISS

EXHIBIT A

August 25, 2025

Via Email

Jeffrey D. Prol
Lowenstein Sandler LLP
jprol@lowenstein.com

Re: ***In re The Roman Catholic Bishop of Oakland – Case No. 23-40523***

Dear Mr. Prol:

I write on behalf of the Roman Catholic Bishop of Oakland, a California corporation sole, the debtor and debtor in possession (the “Debtor”) in the above-captioned chapter 11 case, to convey the following to the Official Committee of Unsecured Creditors (the “Committee”) regarding final resolution of the chapter 11 case.

EXECUTIVE SUMMARY

Nearly one year ago, in September 2024, the Committee made its most recent official settlement proposal to the Debtor in the amount [REDACTED], which as you well know is [REDACTED] in any diocesan bankruptcy case (or out-of-court settlement). Since then the Debtor has, through three separate proposals, increased the amount of compensation it proposes to pay survivors of sexual abuse, including through its *Third Amended Plan* [Docket No. 1830] filed March 17, 2025, which remains pending. The Committee has only said “no” in response to the Debtor’s three most recent proposals. The Debtor makes this last proposal with the good faith belief that if the Committee accepts and the chapter 11 case resolves through a global settlement, survivors will be fairly compensated, much sooner than almost every other diocesan chapter 11 case, and the Debtor will have paid survivors as much as it reasonably can while continuing its mission. The Debtor believes this proposal compares extremely favorably to settlements in similar diocesan bankruptcy cases, as illustrated by the chart attached to this letter.

If accepted, the proposal will (i) increase contributions to the Survivors’ Trust from the Debtor and Roman Catholic Welfare Corporation (“RCWC”), (ii) assign the Debtor’s insurance rights to the Survivors’ Trust, and (iii) implement the revised child protection protocols [REDACTED]

[REDACTED] Nor has the Committee made clear the terms it would be willing to accept for an

assignment of the Debtor's rights, claims, interests, benefits, responsibilities, and obligations under its insurance policies.

Thus, and unfortunately, like the Debtor's other proposals to the Committee, this proposal is being made in a vacuum, caused by the Committee's unwillingness to state or to even negotiate the terms the Committee would accept in a consensual plan.

The Debtor requests the Committee either communicate its acceptance of this proposal or propose non-monetary modifications the Debtor can reasonably accept no later than Monday, September 8, 2025. The Committee must also reach agreement with the Debtor's insurers, if the Committee rejects the insurance assignment proposed herein. This deadline will not be extended. The Debtor cannot afford this chapter 11 case to be drawn out any further, especially with no prospects for resolution with the Committee.

HOW THE CASE GOT TO THIS POINT

Following eight months of mediation, on November 8, 2024, the Debtor filed its first *Plan of Reorganization* [Docket No. 1444] and *Disclosure Statement* [Docket No. 1445] in support thereof. The original Plan contemplated the creation and funding of a Survivors' Trust through contributions by the Debtor of approximately \$103 million and real property comprised of a 122.5-acre tract owned by Adventus commonly referred to as the "Livermore Property," as well as \$14.25 million to be contributed by RCWC, a non-debtor non-profit entity engaged in the education of children, in exchange for consensual third-party releases for RCWC. The Plan further contemplated a complete assignment to the Survivors' Trust of the Debtor's rights, claims, interests, benefits, responsibilities, and obligations under certain insurance policies. Not including potential recoveries from the Debtor's insurers, the Debtor calculated an average per-claimant recovery for approximately 345 sexual abuse claimants in this case would be \$339,855 on the low end, plus a variable of up to an additional \$235,000 per claim driven by the potential ultimate sale price of the Livermore Property.

The Plan's insurance assignment bears discussion here. The Debtor and the mediators (Tim Gallagher and Judge Newsome) convened several mediation sessions among Debtor professionals, Committee professionals, and counsel for the insurers. Some were held in person at the Debtor's attorneys' offices in San Francisco and some were held remotely. Multiple versions of a term sheet were exchanged between the Debtor and the insurers, with the Debtor repeatedly imploring the Committee to provide its own feedback on the proposal. The insurance assignment in the original Plan, and the Plan as subsequently amended, gives each individual survivor a choice of several claim satisfaction outcomes:

- (i) an immediate one-time-only payment of \$50,000;
- (ii) a right to receive a distribution from the Survivors' Trust in an amount to be determined by the Claims Reviewer; or

- (iii) a right to pursue a judgment in state court against any insurance carrier with coverage for the survivor's claim.

The Debtor cannot imagine a more fair way to compensate survivors than to let each survivor decide how to liquidate his or her respective claims. The Committee has complained in and out of Court it opposes the assignment in large part because it believes too few survivors will select (iii) – the right to pursue a judgment in state court against an insurer. The Debtor is at a loss as to why the Committee opposes this potential outcome **if it is the outcome the survivors themselves choose.**

[REDACTED]
[REDACTED]
[REDACTED] the Committee never subsequently engaged in negotiations with the Debtor and the insurers over the insurance assignment – despite the Debtor's intense negotiations with the insurers continuing until the very day the Debtor filed its first plan of reorganization. In fact, at an in-person mediation session held in San Francisco on October 22, 2024, barely two weeks before the exclusivity deadline, [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] Indeed, more than ten months later the Committee **still** has not turned a redline of the insurance assignment terms to try to reach agreement with the insurers and the Debtor on acceptable language. The Committee essentially “quiet quit” negotiations over the insurance assignment.

The Committee flatly rejected the original Plan and objected to approval of the original Disclosure Statement. As part of its “alternate vision of case resolution,” the Committee then proceeded to file: 1) a motion to modify the automatic stay to allow six unspecified state-court actions to proceed to trial or individual settlements; 2) a declaratory-relief action asserting that the Churches within the Diocese of Oakland are, in fact, parts of the Debtor – which the Debtor conceded long ago – and should be substantively consolidated (the “First Adversary”); 3) a second declaratory-relief and substantive consolidation action against RCWC, the Roman Catholic Cemeteries of the Diocese of Oakland (“RCC”), Adventus, and the Oakland Parochial Fund (“OPF”), also seeking to substantively consolidate each of their assets into the Debtor's estate (“Second Adversary”); and 4) motions for derivative standing to take over the Debtor's adversary proceeding against its insurance carriers and to prosecute avoidance actions related to real property held in trust for the Churches and transfers to the OPF. None of this litigation validated the Committee's “alternate vision” of the chapter 11 case. The Committee's motions were denied. Both adversary cases improperly sought to bring non-debtor assets into the Debtor's estate. To date, both have accomplished nothing, particularly the Second Adversary, which the Bankruptcy Court dismissed with prejudice by order entered on July 26, 2025. This ruling means the assets of the non-debtor entities the Committee repeatedly states should be part of the assets available to pay creditors are not, as a matter of fact and law, part of the assets the Debtor must use to pay creditors. Regarding the First Adversary, though the restricted-assets challenge remains pending, even a complete victory by the Committee (to which the Debtor assigns a 0% likelihood) would

only add approximately \$38 million to the Debtor's unrestricted cash which could *possibly* be used to pay creditors. The facts, bankruptcy law and California state law are both in the Debtor's favor on this issue. There is a strong risk the Committee does not prevail, but it seems certain your law firm and BRG will spend millions of estate dollars on attorneys' fees pursuing this, meaning the First Adversary is unlikely to yield material net positive financial results for survivors. This is especially true where the Debtor's settlement proposals – including this current proposal – include the use of a \$55 million loan which the Debtor is not obligated to incur. So even if the Committee prevails in the First Adversary, that does not mean the creditors will automatically receive \$38 million more in resolution of their claims. The First Adversary is a waste of time and money and only further delays resolution and payment of the survivor claims in this case.

The original Plan ultimately became the *Third Amended Plan* [Docket No. 1830] filed March 17, 2025. The Committee's objections included that the Debtor was over-valuing the Livermore Property; the Committee claimed (disingenuously, [REDACTED] that the Livermore Property was of uncertain value and would somehow burden the Survivors' Trust. So, the Debtor removed the grant of that asset from the Third Amended Plan. Instead, the Third Amended Plan *increased* the cash contributions from the Debtor and RCWC to \$115 million and \$28.5 million, respectively. Taking into consideration that \$5 million was earmarked for unknown abuse claimants, the average per-claimant recovery to approximately 345 sexual abuse claimants would be approximately \$401,449.28, an increase from the low-end projection in the original Plan and a removal of "uncertainty" to which the Committee objected so strongly. This per-claim figure, which would then be augmented by insurance contributions, was already an extremely favorable outcome compared to similar diocesan and religious-order bankruptcy settlements.

The Committee continued to strenuously oppose the Third Amended Plan, although eventually the Committee dropped its opposition to the Third Amended Disclosure Statement [Docket No. 1831] and agreed to allow solicitation. The Committee then urged abuse claimants and their counsel to vote against the Third Amended Plan based on the Committee's assertion the proposed contributions were insufficient. Yet still, the Committee did not make a counter-proposal or inform the Debtor in any way what resolution the Committee might find sufficient, despite the Debtor's repeated requests that you do so. Regrettably, we are now approaching the one-year anniversary of the last official Committee counter-proposal in this case.

To date RCBO has incurred over \$40 million of professional fees in the 27+ months of this chapter 11 case – mostly driven by the Committee's litigation tactics and the fees it has charged, which in many months exceeded the Debtor's professional fees (a ratio which is extremely unusual in chapter 11 cases). As a result, and as the Debtor has repeatedly informed the Court and other parties in interest, as of May 2025, the Debtor had negative practical liquidity considering its unrestricted cash and the Bishop's Appeal balance less accrued professional fees. Assets once potentially available for Survivors have had to be redirected to professionals including especially those representing abuse survivors. This should be an affront to every abuse survivor who has waited many years and who now seeks compensation for his or her claims in this chapter 11 case, and it cannot continue.

THE DEBTOR'S PROPOSED CONSENSUAL RESOLUTION

At the hearing on July 18, 2025, regarding the Debtor's motion to continue the existing confirmation hearing and abate the prior scheduling order, the Debtor suggested the parties (the Debtor and Committee) submit last-and-final offers to the Court in an effort to break the logjam. The Committee opposed this suggestion. The Debtor (and some insurers) also suggested Judge Lafferty participate in settlement discussions. Again, the Committee opposed this suggestion.

The Debtor sends this letter in a last attempt to break the logjam and reach a consensual resolution in this case – a real resolution, which takes into account not only the survivor claims and outcomes in other dioceses (both in-court and out-of-court), but also the reality for this particular Debtor, meaning the assets available to it; its needs and obligations on a go-forward basis, including significant debt-service obligations; and the reality that because this case has been so expensive already, the amount the Debtor may have otherwise been able to pay survivors is meaningfully different from what it can pay now.

The Debtor's proposal is as follows:

The Debtor's cash contribution to the Survivors' Trust shall increase to \$122 million, as a show of its good faith desire to fairly compensate survivors. This will include an initial contribution of \$45 million on the Effective Date of a confirmed plan, with the balance to be paid over the ensuing five years.

We have been authorized by counsel for RCWC, Ryan Manns, to communicate that as part of the proposed settlement, [REDACTED]

[REDACTED] **with a total contribution by RCWC to Survivors' Trust of \$43 million**, part to be made on the Effective Date and the balance to be paid periodically over the ensuing five years.

The treatment under the existing Plan of all classes other than Class 4 will remain the same.

The Insurance Assignment from the Third Amended Plan will remain as negotiated by and between the Debtor and its insurers, subject to any modifications agreed to by the Committee, the Debtor and the insurers, if any. As we have made clear, the Debtor sees no benefit in exchanging one set of adversaries (the Committee, state-court counsel, and state-court counsel's litigation financing parties) for another (the insurers) by abandoning an agreement reached in good faith which, despite the Committee's protestations to the contrary, is already insurance-neutral.

The Debtor will adopt and implement the *Child Protection Protocols for the Roman Catholic Bishop of Oakland, California* e-mailed by Mark C. Moore of Foley & Lardner to Lowenstein Sandler on October 17, 2024, [REDACTED]

[REDACTED] These protocols reflected well more than one hundred hours of work by the Debtor, Bishop Barber and his advisors to create what we believe to be the most comprehensive and far-reaching child-protection protocols in the country. It includes new ideas [REDACTED]

[REDACTED]. The Debtor is willing to consider non-material modifications of the protocols, but it will not do so unless and until other settlement terms are agreed to, and it will not engage in a drawn-out document turn in which administrative fees keep flowing and the Committee keeps coming back for more. The Debtor cannot afford this and it believes neither can the survivor creditors who want closure to their claims.

The combined dollar value from the Debtor and RCWC in the Debtor's proposal is \$165 million. Of this, \$5 million would be set aside for Class 5 (unknown abuse claims).

That amounts to more than **\$463,000 per claim (assuming 345 claims), before including any recovery from the Debtor's insurers** (and excluding Class 5 payments). **If there are no Class 5 claims, then this amounts to more than \$478,000 per claim (assuming 345 claims), before including any recovery from the Debtor's insurers.**

This recovery would be approximately \$168,000 per claim higher than the settlement recently announced in the Archdiocese of New Orleans bankruptcy case (excluding amounts contributed by settling insurers).

This recovery would be approximately \$48,000 per claimant higher than the settlement in the Diocese of Rockville Centre bankruptcy case (excluding amounts contributed by settling insurers).

More importantly, this is the absolute most that the Debtor can afford while: 1) servicing approximately \$81 million in debt to the Roman Catholic Cemeteries of the Diocese of Oakland, and 2) continuing its mission to serve the needs of the faithful within the Diocese of Oakland. Moreover, the \$165 million proposed herein is not the limit of potential recoveries, because of course Class 4 Claimants will still have the right, but not the obligation, to pursue the Litigation Option (as defined in the Third Amended Plan). The Debtor's stated intent in filing and prosecuting this bankruptcy case has always been and continues to be fairly and equitably compensating the survivors of child sexual abuse. This proposal manifests this intent while addressing the needs of the Diocese on a go-forward basis.

A chart comparing the per-claim recoveries in this proposal to those realized in other recent confirmed plans in diocesan chapter 11 cases is attached to this letter as Exhibit A.

**THE COMMITTEE HAS FOURTEEN DAYS TO RESPOND
AND TO NEGOTIATE A SETTLEMENT WITH INSURERS**

The Debtor cannot continue to wait for the Committee to tell the Debtor what terms it might accept in a consensual plan of reorganization. Nearly one year has passed since the Committee made any formal proposal to the Debtor, and the Committee has never made clear what specific changes to the proposed insurance assignment language it wants. The Debtor believes it makes no sense to incur the time and high cost of additional mediation sessions, especially because the Debtor believes the Committee did not meaningfully engage in mediation during the many sessions already completed – a belief supported by the indisputable fact the Committee made no counter-proposals during the last eleven months to any of the Debtor's repeated and different proposals to try to settle the claims in this case.

Accordingly, if the Committee does not accept the Debtor's proposal or provide a counter-proposal and reach agreement with the Debtor and its insurers within the next fourteen (14) calendar days, the Debtor will take steps to move the case in a different direction. The Debtor has produced all information necessary for the Committee and the insurers to make informed responses to this settlement proposal. The Committee has spent millions of dollars on discovery in this case, including on experts who have spent years reviewing and analyzing the Debtor's assets. It has all the information it needs to respond to this proposal. We urge the Committee to now do the hard work necessary to reach a global resolution in this chapter 11 case, including with the insurers. Alongside this settlement proposal, we are communicating with the insurers to advise them of the same, as it is long past time for the insurers to put dollars on the table to reach a monetary settlement with the Debtor and the Committee, or for the Committee and the insurers to reach agreement on the language for the terms of the insurance assignment.

We look forward to your response on behalf of the Committee whose members represent and have a fiduciary duty to all sexual abuse survivors who filed claims in the Chapter 11 case.

Sincerely,



Ann Marie Uetz

cc: Michael A. Kaplan (via e-mail)
Brent I. Weisenberg (via e-mail)
Colleen M. Restel (via e-mail)
Rasmeet Chahil (via e-mail)
Timothy Burns (via e-mail)
Gabrielle L. Albert (via e-mail)
Matthew D. Lee (via e-mail)
Mark C. Moore (via email)
Shane J. Moses (via e-mail)
Eileen Ridley (via e-mail)
Elizabeth Mazzocco (via e-mail)

Attachments:

- (1) Chart Comparing to Settlements in Similar Diocesan Bankruptcy Cases
- (2) *Child Protection Protocols for the Roman Catholic Bishop of Oakland, California* e-mailed by Mark C. Moore of Foley & Lardner to Lowenstein Sandler on October 17, 2024

EXHIBIT A

Comparison: RCBO's 8/25/25 Proposal vs. Recent Confirmed Plans in Cases With 200+ Claims

<u>Case name/no.</u>	<u>Date Plan confirmed</u>	<u>No. of survivor claims</u>	<u>Average per-survivor claim recovery from Debtor/NDCE contribution*</u>	<u>Average per-survivor claim recovery from insurance contribution</u>	<u>Average per-survivor claim recovery, total</u>
<i>In re The Roman Catholic Bishop of Helena, Montana, 14-60074 (Bankr. D. Mt.)</i>	3/5/2015	388	\$16,753	\$37,081	\$53,834
<i>In re Archdiocese of Milwaukee, 11-20059 (Bankr. E.D. Wis.)</i>	11/13/2015	352	\$30,114	\$30,966	\$61,080
<i>In re The Archdiocese of Saint Paul and Minneapolis, 15-30125 (Bankr. D. Minn.)</i>	9/25/2018	450	\$88,889	\$377,778	\$466,667
<i>In re The Roman Catholic Archdiocese of Agana, 19-00010 (Bankr. D. Guam)</i>	10/19/2022	255	\$98,039	\$107,059	\$205,098
<i>In re The Diocese of Camden, New Jersey, 20-21257 (Bankr. D.N.J.)</i>	3/14/2024	324	\$270,062	unknown (insurance assignment)	unknown (insurance assignment)
<i>In re The Roman Catholic Diocese of Rockville Centre, New York, 20-12345 (Bankr. S.D.N.Y.)</i>	12/4/2024	565	\$415,584	\$151,372	\$566,956
<i>In re The Roman Catholic Diocese of Syracuse, New York, 20-30663 (Bankr. N.D.N.Y.)</i>	N/A (hearing 8/27/2025)	374	\$267,380	unknown (insurance assignment)	unknown (insurance assignment)
<i>In re The Diocese of Rochester, 19-20905 (Bankr. W.D.N.Y.)</i>	N/A (hearing 9/5/2025)	471	\$116,773	\$406,263	\$523,036
<i>In re The Roman Catholic Church of the Archdiocese of New Orleans, 20-10846 (Bankr. E.D. La.)</i>	N/A (hearing 11/12/2025)	660	\$295,132**	unknown (\$44,356 plus insurance assignment)	unknown (\$339,488** plus insurance assignment)
In re The Roman Catholic Bishop of Oakland, 23-40523 (Bankr. N.D. Cal.)	N/A	345	\$463,768	unknown (insurance assignment)	unknown (insurance assignment)

*-- "Debtor/NDCE" contribution includes amounts contributed by the Debtor entity and any other non-debtor Catholic entity (e.g. separately incorporated parishes, Catholic Charities, schools entities) to the class of survivors.

** -- In its First Amended Disclosure Statement, the Archdiocese of New Orleans provides a value range for survivor recoveries. The figures in the above chart reflect the “middle value” range. [Dkt. No. 4193 at 10-11, § 3.03.] The Archdiocese identified 660 non-duplicative survivor claims, of which it estimated 250 were filed after the applicable claims bar date. [Dkt. No. 4193 at 22, § 5.01.] If all 250 late-filed claims are disallowed, the average per-survivor claim recovery from Debtor/NDCE sources becomes \$475,122, and \$546,494 from all sources, again using the “middle value” range.

**CHILD PROTECTION PROTOCOLS FOR THE ROMAN
CATHOLIC BISHOP OF OAKLAND, CALIFORNIA**

38 Pages Redacted