LOWENSTEIN SANDLER LLP
Jeffrey D. Prol (admitted *pro hac vice*)
Brent Weisenberg (admitted *pro hac vice*)
One Lowenstein Drive
Roseland, NJ 07068
Tel: (973) 597-2500
Email: jprol@lowenstein.com
Email: bweisenberg@lowenstein.com

KELLER BENVENUTTI KIM LLP
Tobias S. Keller (Cal. Bar No. 151445)
Jane Kim (Cal. Bar No. 298192)
Gabrielle L. Albert (Cal. Bar No. 190895)
101 Montgomery Street, Suite 1950
San Francisco, CA 94104
Tel: (415) 496-6723
Email: tkeller@kbkllp.com
Email: jkim@kbkllp.com
Email: galbert@kbkllp.com

Attorneys for Official Committee of Unsecured Creditors

BURNS BAIR LLP
Timothy W. Burns (admitted *pro hac vice*)
Jesse J. Bair (admitted *pro hac vice*)
10 East Doty Street, Suite 600
Madison, WI 53703-3392
Tel: (608) 286-2808
Email: tburns@burnsbair.com
Email: jbair@burnsbair.com

Special Insurance Counsel for Official Committee of Unsecured Creditors

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

Judge: Hon. William J. Lafferty

NOTICE OF WITHDRAWAL OF (I) OFFICIAL COMMITTEE OF UNSECURED CREDITORS' FIRST AMENDED PLAN OF REORGANIZATION, DATED APRIL 15, 2026 AND (II) SECOND AMENDED DISCLOSURE STATEMENT FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS' PLAN OF REORGANIZATION, DATED APRIL 15, 2026

[No Hearing Requested]

PLEASE TAKE NOTICE THAT:

The Official Committee of Unsecured Creditors (the "**Committee**") of the Roman Catholic Bishop of Oakland (the "**Debtor**") hereby withdraws, without prejudice:

(i) the *Official Committee of Unsecured Creditors' First Amended Chapter 11 Plan of Reorganization, Dated April 15, 2026* [Dkt. No. 2832] (the "**Committee Plan**"); and

(ii) the *Second Amended Disclosure Statement for the Official Committee of Unsecured Creditors' Plan of Reorganization, Dated April 15, 2026* [Dkt. No. 2833] (the "**Committee Disclosure Statement**").

On Wednesday, April 22, 2026, an Alameda County jury awarded ***$16 million*** in damages (the "**Jury Award**") to survivor Steven Woodall, *whose case was chosen for trial by the Diocese* (the "**Woodall Trial**") before this Chapter 11 Case was commenced.[1] The Woodall Trial was permitted to proceed under this Court's *Order Granting Renewed Motion of the Official Committee of Unsecured Creditors to Lift the Automatic Stay to Permit Certain Plaintiffs' Personal Injury Claims to Proceed in State Court* [Dkt. No. 2168].

This material and meaningful development, the status of this Chapter 11 Case, and the facts discussed below have caused the Committee to decide to withdraw the Committee Plan and, instead, file and prosecute a motion to dismiss this Chapter 11 Case. The Committee does not oppose the Debtor's solicitation of its plan of reorganization [Dkt. No. 2758] (the "**Diocese Plan**") and a trial on confirmation of that plan as currently scheduled. The Committee believes that survivors of sexual abuse holding claims against the Debtor ("**Survivors**") should have an opportunity to choose between the Debtor's supposed best offer to Survivors and the opportunity to resume pursuit of their claims in state court.

The Committee's decision to move to dismiss this Chapter 11 Case is not made lightly. The Committee is acutely aware of the time, expense and effort of all the parties, and specifically, this Court's tremendous efforts to assist the parties in both pursuing confirmation of competing plans of reorganization and finding common ground. But in furtherance of its fiduciary duties to all Survivors, the Committee has concluded that dismissal of this Chapter 11 Case to allow

[1] While Mr. Woodall was named as John Doe in his state court action, Mr. Woodall has granted the Committee permission to use his name in this Notice.

Survivors to pursue their state law rights is a far more fair and equitable method to resolve Abuse Claims than what is proposed in the Diocese Plan, or even in the Committee Plan, which the Debtor and its affiliates have made clear they would never support.

As explained below, the Committee has determined that dismissal is in the best interests of all creditors because, among other reasons:

- it is now readily apparent that claims held by Survivors are worth multiples of what the Debtor and its insurers (the "**Insurers**") are willing to pay;
- Survivors can seek to enforce their state court judgments against the Diocese in ways the Diocese is unwilling to admit remain unaltered by this Chapter 11 Case;
- The Diocese has steadfastly refused to take any number of the actions set forth in **Exhibit A**, which collectively would dramatically increase the amount of funds available to Survivors;
- the Debtor conceded that it failed to properly supervise Father Stephen Kiesle at the Woodall Trial and there are roughly 60 more Survivors assaulted by Father Stephen Kiesle who have sued the Diocese;
- confirmation of the Diocese Plan or the Committee Plan will inevitably lead to lengthy appeals, leaving Survivors years away from receiving any payment through this Chapter 11 Case;
- the intransigence of the Debtor's insurance carriers and their refusal to offer meaningful amounts to resolve the Abuse Claims as part of this Chapter 11 Case;[2]
- the Debtor's tone-deaf decision to attempt to hammer Survivors into submission by seeking to object to their claims, the disallowance of which has ***zero*** impact on the Debtor's liability under the Diocese Plan, has led Survivors to question the Bishop's professed concern for them;
- state court actions will inevitably continue after this Chapter 11 Case in all events against Debtor affiliate, the Roman Catholic Welfare Corporation, which has unequivocally rejected the Committee Plan, and is unlikely to receive releases under the Diocese Plan; and
- the Debtor's general unsecured creditors, allegedly holding claims of just $1.4 million, can be paid in full immediately and the holders of non-abuse claims against the Debtor can proceed with their state law causes of action.

---

[2] Indeed, the Debtor itself has made this clear in recent filings in the coverage action: "Even though RCBO's liability policies were in effect during and after the years in which the alleged abuse occurred, and the insurance policies are not subject to aggregate limits of liability for claims of this type—which means that each insurer has a separate limit of liability for every claimant whose alleged injuries trigger its coverage—some of the insurers only put small amounts of money on the table and others put none at all. Accordingly, with the permission of the Bankruptcy Court, RCBO retained additional insurance recovery counsel and filed a Sixth Amended Complaint to call out certain of the insurers for their breach of the implied covenant of good faith and fair dealing." *Plaintiff's Memorandum of Points and Authorities in Opposition to Insurers' Motion to Strike Sixth Amended Complaint*, Case No. 24-cv-709-JSC, ECF No. 249 (N.D. Cal.).

As stated above, on Wednesday of this week an Alameda County jury awarded ***$16 million*** in damages to survivor Steven Woodall. Mr. Woodall was sexually abused in the 1970s by notorious Oakland priest, Father Stephen Kiesle, now a convicted criminal who was removed from the priesthood in 1987; nearly a decade *after* he was arrested for molesting children. Father Kiesle is accused of abusing numerous children within the care of the Diocese and the Diocese is named as a defendant in an additional 60 lawsuits alleging that it is liable for damages caused by his reprehensible conduct. The Debtor did not contest its liability in the Woodall Trial and therefore the issue at trial was limited to damages.

As this Court knows well, since the earliest days of this Chapter 11 Case, the Debtor and the Committee have had wildly divergent views on the amount Survivors might receive in state court, how any such judgments would be satisfied and what a fair and equitable resolution of this Chapter 11 Case looks like. The Debtor argues that paying less than $400,000 per claim—for its failure to stop unspeakable physical and emotional harm and trauma inflicted on children—through the Diocese Plan over three and a half years commencing on an indeterminate date in the future is fair and equitable because it looks like a "good deal" as compared to recoveries received by other survivors in other diocesan bankruptcy cases. Making matters worse, throughout this Chapter 11 Case, the Debtor has attempted to avail itself of favorable statutory provisions of the Bankruptcy Code while disregarding unfavorable provisions in an attempt to justify its unilateral decision regarding what is fair and equitable. As this Court recently recognized, outside of this Chapter 11 Case, a judgment creditor could enforce his or her judgment against the Diocese in the same manner as enforcing a judgment against any other defendant. *See* April 17, 2026 Hr'g Tr. at 36:14–18 [Dkt. No. 2850] ("I hear all that. But having said that, outside of the bankruptcy, I don't think there's a serious disagreement that if we end up in a situation where we simply have 375 judgment creditors, at some point everything gets sold. It just does."). *See also Floyd S. Pike Elec. Contractor, Inc. v. Goodwill Missionary Baptist Church*, 214 S.E.2d 276, 278 (N.C. Ct. App. 1975) (citations omitted) ("There being no provision in our Constitution exempting church property from execution, unless exempted by statute, said property is subject to sale under execution.").

Yet the Debtor continues to hide behind a facially invalid reading of the First Amendment to protect hundreds of millions of dollars in assets and argues that it should receive a discharge by paying Survivors only what the Bishop wants to pay. *See, e.g., Debtor's Opposition to the Second Amended Disclosure Statement for the Official Committee of Unsecured Creditors' First Amended Plan of Reorganization, Dated April 15, 2026* [Dkt. No. 2840]:

- "this Debtor is voluntarily making considerable sacrifices such that virtually all of its *available* assets are on the table [availability being determined by the Bishop alone] …" 5:10–11;
- "The Committee is asking for 2 ½ times the number of Churches be sold than *then Bishop of Oakland has determined is possible* to be sold …" 2:16–19 (emphasis added); and
- In responding to the Committee's mere outlining of one of many ways the Debtor can increase its contributions to Survivors was through the sale of additional real estate, the Debtor retorted : "This is an outcome the Debtor cannot accept and that the *Debtor will not allow* …" 3:13–14.

Under the Diocese Plan, in exchange for contributing the proceeds of unused vacant property—ostensibly owned by a third party affiliate—plus $50 million in cash (the Debtor Contribution under the Diocese Plan reduced by the projected value of the Livermore Property) over three and a half years from an indeterminate date, the Debtor seeks a discharge of over 375 claims of sexual abuse and an untold number of sexual abuse claims that may be filed in the future. Just one sexual abuse claim was recently valued by an Almeda County jury at $16 million.

At the same time, throughout this Chapter 11 Case, the Insurers have basked in the glow of the automatic stay and have refused to offer anything close to full value to settle their liability under their policies. Rather, they seek massive "bankruptcy discounts." Now that plan confirmation proceedings are underway, the Insurers oppose both the Diocese Plan and the Committee Plan arguing that both plans are prejudicial to them and are violative of their policies and their rights under state law. Dismissal of this Chapter 11 Case will eliminate these complications and put the Insurers back in the same position they would have been had this Chapter 11 Case never occurred. One would think dismissal is the result the Insurers crave.

While the Committee is hereby withdrawing the Committee Plan, it will not oppose the Debtor's solicitation of the Diocese Plan. Rather, the Committee supports Survivors having an

opportunity to choose between the Debtor's supposed best offer to Survivors and the opportunity to resume pursuit of their claims in state court. To allow Survivors to express their views on the Diocese Plan, the Committee will request that the Committee's soon-to-filed motion to dismiss be heard after June 4, 2026, the date on which ballots on the Diocese Plan must be submitted.

The Committee looks forward to discussing this matter and the procedures for proceeding with solicitation of the Diocese Plan at the hearing scheduled for Wednesday, April 29, 2026, at 10:30 am PT.

Dated: April 24, 2026

LOWENSTEIN SANDLER LLP
BURNS BAIR LLP
KELLER BENVENUTTI KIM LLP

By: */s/ Gabrielle L. Albert*
Tobias S. Keller
Jane Kim
Gabrielle L. Albert

- and -

Jeffrey D. Prol
Brent Weisenberg

- and -

Timothy W. Burns
Jesse J. Bair

Counsel for the Official Committee of Unsecured Creditors

Exhibit A

The Debtor owns, controls or has access to an extensive number of assets from which to pay Survivors substantially more than what is provided by the Diocese Plan. For example, the Debtor may:

(i) sell certain real estate it previously indicated might be sold to generate additional cash;

(ii) cluster, merge or close certain Churches;

(iii) use the funds owed to it from the Catholic Cathedral Corporation of the East Bay under the CCCEB Note (as defined in the Diocese Plan) or commence an action against CCCEB (as defined in the Diocese Plan) for collection on the CCCEB Note;

(iv) reduce its operating reserves for a period of time to free up additional cash;

(v) use the assets it asserts are restricted for their intended purpose and by doing so, allow the Debtor to use unrestricted cash to make additional payments to Survivors;

(vi) borrow funds from its affiliates;

(vii) obtain a traditional commercial loan;

(viii) restructure its operations to achieve cost savings that would inure to the benefit of Survivors;

(ix) request that its affiliate, the Roman Catholic Communications Corporation of the Bay Area dba Catholic Telemedia Network, increase the historical grants it provides the Debtor; and

(x) execute on the actions discussed in the Bishop's May 8, 2023 letter to parishioners and friends of the Diocese of Oakland in which he stated the Diocese must:

- "re-align our resources to meet the needs of our diocese, while addressing claims coming through the bankruptcy process."
- address the "current reality in our diocese," by "focus[ing] on our mission to serve people, not on maintenance of structures which no longer serve our mission."
- "right size our parishes to serve the faithful." According to the Bishop, "[t]his effort will require us to close some of our worship sites and re-imagine how we use other locations."
- use the Debtor's Mission Alignment Process to help the "courts assess how the Diocese can restructure and constitute a source of funds for settlements of cases."