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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

In re: THE ROMAN CATHOLIC BISHOP OF OAKLAND, a California corporation sole, Debtor.	Case No. 23-40523 Chapter 11 **THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS' POST-TRIAL BRIEF IN OPPOSITION TO CONFIRMATION OF THE DEBTOR'S MODIFIED FOURTH AMENDED PLAN OF REORGANIZATION DATED MARCH 27, 2026**

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The Official Committee of Unsecured Creditors (the "**Committee**") of The Roman Catholic Bishop of Oakland (the "**Debtor**") in this chapter 11 bankruptcy case (this "**Chapter 11 Case**") files this post-trial brief in opposition to confirmation of the *Debtor's Modified Fourth Amended Plan of Reorganization Dated March 27, 2026* [Dkt. No. 2758] (the "**Plan**")[1] and in further support of *The Official Committee of Unsecured Creditors' Objection to Confirmation of the Debtor's Modified Fourth Amended Plan of Reorganization* [Dkt. No. 2912] (the "**Committee Objection**"), which is incorporated as if set forth herein. In support of this post-trial opposition, the Committee states as follows:

PRELIMINARY STATEMENT[2]

After years of mediation, one failed plan confirmation process, and an aborted dismissal ploy, the Debtor, unable to impose its will on survivors of sexual abuse ("**Survivors**") in mediation, opted for a path that no other diocese ever successfully pursued—a cramdown. In so doing, the Debtor accepted the burden of proof on each element of Section 1129, and was required to prove—not proclaim—that its Plan met all applicable requirements of the Bankruptcy Code. It failed. No amount of earnest belief or appeal to equities can cure the absence of evidence.

As a threshold matter, the Debtor's religious mission does not excuse it from compliance with the Bankruptcy Code. Albeit true that certain sections of the Bankruptcy Code provide for different treatment of nonprofit entities, it is equally true that the Debtor cannot pick and choose which sections of the Bankruptcy Code to comply with. Secular disputes, such as this, are governed by secular law, and the neutral application thereof does not run afoul of the First Amendment, the Religious Freedom Restoration Act ("**RFRA**"), nor any other religious exemption doctrines asserted by the Debtor. Rather than a theoretical exercise examining the impact of the bankruptcy system as a whole, the questions at issue here are whether the best interests of creditors test applies to the Plan presented by the Debtor, and if it does, whether the Debtor has proven that the Plan satisfies it. To

[1] Capitalized terms not defined herein shall have the meanings ascribed in the Plan.

[2] Capitalized terms not defined in this Preliminary Statement have the meanings ascribed herein.

be clear—the First Amendment and RFRA provide no basis for exempting the Debtor from the requirements of Section 1129(a)(7). The Bankruptcy Code is neutral and generally applicable; RFRA does not apply to this private-party dispute, and the Debtor failed to prove any substantial burden at trial. As such, the Court should reject the Debtor's attempt to use its religious mission as a basis to exclude hundreds of millions in assets from the best interests analysis.

The Debtor has not met its burden of establishing that the Plan satisfies the best interests of creditors test, because its analysis (i) relies on a circular and unsubstantiated valuation of Abuse Claims and an inaccurate consideration of Plan contributions that result in overstated Plan-scenario recoveries and renders the analysis entirely inapplicable to Abuse Claimants; and (ii) is based on depressed real estate valuations and inflated liquidation costs that result in understated liquidation-scenario recoveries.

The Debtor also failed to establish that the Plan is feasible because testimony of the Debtor's *own experts*, using the Debtor's *own appraisals*, showed that the subset of assets the Debtor has designated under the Plan as available to fund the Survivors' Trust will not generate sufficient proceeds to satisfy those commitments.

Moreover, the Plan does not satisfy Section 1129(a)(10) because the only impaired consenting classes are propped up by the vote of an insider (the Roman Catholic Cemeteries of the Diocese of Oakland ("**RCC**")), an artificially impaired class of creditors holding *de minimis* claims with ties to the Debtor (Class 3), and a single vote cast by an uninformed Unknown Abuse Claims Representative on behalf of a potentially empty class of creditors (Class 5)—all while 331 Survivors, whose claims comprise the vast majority of the Debtor's claims pool, voted overwhelmingly to reject the Plan.[3]

Further, the Plan cannot be crammed down over the Survivors' rejecting votes because the Debtor has not established that the discriminatory treatment of Class 4 is fair, or that the Plan is fair and equitable. Where the Debtor failed to present the Court with *any* evidence of its valuation of

[3] The parties stipulated, for the purposes of the Confirmation Hearing only, to assume 345 unique Class 4 Abuse Claims were filed, although the Committee otherwise asserts there are at least 375 unique Class 4 Abuse Claims.

Class 4 Abuse Claims, it has not carried its burden of establishing that the discrimination in recovery for Class 4 as opposed to Class 3 is fair. Additionally, regardless of the standard applied, the evidence adduced by the Debtor at trial, makes clear that the Plan's $150 million cap on the Debtor's contribution is untethered to any objective or quantifiable analysis or measurement regarding what the Debtor's mission requires. This glaring gap in the Debtor's presentation at trial—which was noted by the Court at the close of evidence—is possibly the most revealing information in the record. On the contrary, the Committee's expert utilized reliable data and identified additional sources of funding, proving the Debtor *could* contribute more and still emerge from chapter 11 as a financially sound organization.

Finally, the Plan was not proposed in good faith, as the Debtor has not attempted to maximize the value of its assets for the benefit of its creditors. The Court need look no further than the Debtor's arbitrary cap on its contribution to the Survivors' Trust as evidence of the absence of good faith.

At bottom, the evidence showed the Debtor has significant assets that it is choosing to retain rather than contribute to the Plan. Availing itself of the protections of the Bankruptcy Code, shedding hundreds of millions of dollars in liability, and unilaterally deciding the amount of money it is willing to pay Survivors may very well be what the Debtor envisioned when it filed the Plan—and is what the evidence showed at trial. But that vision runs contrary to what the law requires. As such, for the reasons set forth more fully below, as well as the legal arguments raised more fully in the Committee Objection, this Plan cannot be confirmed.

EVIDENCE PRESENTED AT TRIAL

I. THE DEBTOR'S WITNESSES.

A. The Debtor's Fact Witnesses.

i. Bishop Barber.

Bishop Michael C. Barber, the "highest decision maker" in this Chapter 11 Case, offered testimony that centered principally on how the Plan purportedly allows for two things—providing some compensation to the Survivors as "compared to nothing," and the continuation of the Debtor's

mission. (June 22, 2026 Confirmation Trial Tr. ("**06/22/26 Trial Tr.**") (Bishop) at 10:1–3, 34:24–35:3; June 16, 2026 Confirmation Trial Tr. ("**06/16/26 Trial Tr.**") (Bishop) at 153:7–18.) Despite a lengthy direct and fulsome cross examination, the record remains devoid of any specific reasoning or analysis to support the Debtor's determination of which of its assets are "mission critical."

Although Bishop Barber discussed the considerations made in determining which church sites might be closed, the record does not include any accompanying quantitative analysis supporting his decisions. For example, Bishop Barber's testimony identified *some* criteria considered in the Debtor's decision-making process, such as the population of parishioners, the proximity of other churches nearby, as well as cultural or language requirements for a specific congregation. (06/16/26 Trial Tr. (Bishop) at 169:24–171:7.) However, it is unclear exactly how these conditions informed the Debtor's conclusions, as Bishop Barber discussed them in only generalized terms without identifying any measurable factors contemplated by the Debtor in determining what would be required for it to continue its mission. Specifically, there is no evidence in the record of what parish population size is considered significant, the range in terms of miles of how close a neighboring church must be, how many parishes necessitate particular cultural or language specifications, or whether other considerations, such as the financial wherewithal of a particular parish makes its continued operation untenable.

Further, Bishop Barber did not have first-hand knowledge of the quantitative and qualitative analyses that informed his advisors' recommendation with respect to the disposition and/or collateralization of real property (which he approved). (*See, e.g.*, *id.* at 167:13–168:2, 168:25–169:5; 06/22/26 Trial Tr. (Bishop) at 54:18–55:4.) He did not know whether a valuation of the sexual abuse claims was conducted on a claim-by-claim basis or in the aggregate. (06/22/26 Trial Tr. (Bishop) at 16:22–17:12.) Nor did he know how many sexual abuse claims implicated the Roman Catholic Welfare Corporation of Oakland ("**RCWC**"), (*id.* at 17:13–16), or understand the mechanics of the RCWC Escrow, (*id.* at 19:25–20:11).

The gaps in Bishop Barber's testimony continued into the discussions regarding the disparity between the Debtor's proposed $115 million contribution to Survivors under the *Debtor's Third*

Amended Plan of Reorganization [Dkt. No. 1830] (the "**Third Amended Plan**") and the $150 million contribution proposed under the current Plan. Bishop Barber stated that the Debtor's ability to increase the amount by $35 million was a result of individual parishes "dig[ging] deeper . . . in their pockets," and from the addition of the Our Lady of Guadalupe campus to the Real Property List (defined below). (06/22/26 Trial Tr. (Bishop) at 75:21–24, 76:3–16.) However, Bishop Barber admitted the parishes' contribution amounts to $5 million, (*id.* at 91:18–22), and the Our Lady of Guadalupe campus was appraised at approximately $7.8 million, (*id.* at 92:3–20; Ex. D-167), totaling only $12.8 million. Bishop Barber could not offer any explanation for the $22.2 million funding gap. (06/22/26 Trial Tr. (Bishop) at 92:21–25.)

Bishop Barber fared no better when expounding on how the proceeds from the closure of thirteen worship sites fit into the Plan. Though his announcement occurred during the Chapter 11 Case, Bishop Barber confirmed the decision was a result of the Mission Alignment Process ("**MAP**"), and its attempt to right-size the diocese. (*Id.* at 45:9–11, 46:13–49:1.) Further, these closures would proceed regardless of whether the Plan is confirmed. (*Id.* at 48:22–49:1.) Critically, Bishop Barber was under the false impression that funds generated from these sales would go to the Debtor's contribution to the Survivors' Trust. (*Id.* at 53:6–14.) They do not; the properties will be pledged as collateral to secure a loan from the Debtor's affiliate, the Roman Catholic Cemeteries of the Diocese of Oakland ("**RCC**") (repayment of which does not begin until after the Survivors' Trust is fully funded). (*See* Ex. C-84; Ex. C-86.)

ii. Daniel Flanagan.

Daniel Flanagan, of VeraCruz Advisory, LLC, largely testified on the financial position of the Debtor. Mr. Flanagan developed the Debtor's financial projections since 2015, including the financial projections throughout the Chapter 11 Case. (June 24, 2026 Confirmation Trial Tr. ("**06/24/26 Trial Tr.**") (Flanagan) at 11:3–11.) Mr. Flanagan's testimony revealed several inconsistencies as to the Debtor's ability to fund the Plan as well as its current financial state.

Mr. Flanagan testified that the "diocese itself does not have a significant amount of cash," (*id.* at 30:19–20), and that "there's no extra money" to fund the Plan, (*id.* at 54:13–16). This testimony directly contradicted the testimony of the Debtor's financial expert, Charles Moore, who stated that the Debtor possessed other potential sources of funding for the Plan obligations. (*Id.* at 54:6–8; 06/16/26 Trial Tr. (Moore) at 69:20–70:5.)[4] Mr. Flanagan asserted that the maximum amount the Debtor can contribute to the Survivors' Trust is $150 million—$35 million more than the alleged maximum amount proposed in the Third Amended Plan. (06/24/26 Trial Tr. (Flanagan) at 51:13–20, 52:11–21.) Critically, Mr. Flanagan's testimony (like Bishop Barber's) failed to explain where this additional funding is coming from.

For example, when questioned about the Restricted Asset Litigation (defined below), Mr. Flanagan admitted that even if the Court determines certain funds are unrestricted, the Debtor would not increase its contribution to the Survivors' Trust. (*Id.* at 52:22–53:8.) Similarly, the additional $35 million will not be contributed by the Non-Debtor Catholic Entities; the Debtor conceded that "[n]either RCWC nor any of the Non-Debtor Catholic Entities (as defined in the Debtor Plan) are in a position to lend additional cash to the Debtor." (Ex. C-87 at 9.)[5] Further, while the Debtor sought a loan from RCWC, it has declined to provide any such loan. (*Id.*)

The Plan's feasibility was further called into question by Mr. Flanagan's testimony regarding the sale of certain real property. Mr. Flanagan stated that the proceeds of the sale of properties enumerated on Exhibit C-84 (the "**Real Property List**") will fund a majority of the Plan's obligations. (06/24/26 Trial Tr. (Flanagan) at 29:20–24.) But he conceded approval by the Vatican is required for the sale of any properties for over $7.5 million. (*Id.* at 54:21–55:3.) There is no evidence in the record that the Debtor applied for or obtained the Vatican's approval for the sale of

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[4] Further emphasizing the Debtor's cash-flow issues, Mr. Flanagan incorrectly included contributions from CFCS Management Services ("**CMS**") in his financial projections. CMS historically provided annual funds to the Debtor. (06/24/26 Trial Tr. (Flanagan) at 19:10–17.) However, those contributions ceased in the summer of 2025, following a change in CMS's policy. (*Id.* at 62:3–15.) Despite that error, Mr. Flanagan maintained his confidence in the accuracy of his projections, which include continued future donations from CMS. (*Id.* at 19:21–23.)

[5] RCC is lending almost all of its untrusted investments to the Debtor and has no additional funds to loan to the Debtor. (June 23, 2026 Confirmation Trial Tr. ("**06/23/26 Trial Tr.**") (Gies) at 196:5–18.)

any properties. Nor is there any indication as to how the Debtor will execute the Plan if the Vatican declines to approve a sale.

By calling Mr. Flanagan as its penultimate witness, the Debtor was afforded an opportunity to backfill missing evidence regarding any metrics analyzed and utilized in determining its mission going forward. Nonetheless, the record lacks these necessary details regarding the Debtor's needs. Although Mr. Flanagan confirmed his involvement in MAP, as well as MAP's use of "all sorts of data," (*id.* at 24:5), including a quantitative analysis, related to the Debtor's ability to fulfill its mission, Mr. Flanagan never actually engaged in expounding what the data demonstrated, (*see, e.g.*, *id.* at 27:10–15, 28:19–24, 32:14–19). At bottom, Mr. Flanagan's testimony regarding the Debtor's financial position left open crucial questions regarding the Debtor's ability to fund the Plan.

iii. Attila Bardos.

The Debtor offered Attila Bardos as its central fact witness on the Plan's mechanics. Mr. Bardos is the Debtor's Chief Financial Officer, a member of the senior leadership team, a signatory to the Plan, and a witness designated across multiple Debtor-related entities. (*See, e.g.*, June 25, 2026 Confirmation Trial Tr. ("**06/25/26 Trial Tr.**") (Bardos) at 70:19–76:21.) In addition to the Plan, Mr. Bardos certified each of the Debtor's interrogatory responses and sat for numerous fact and corporate-designee examinations. (*See, e.g.*, *id.* at 70:13–15, 75:23–76:9, 85:4–7, 91:11–12.) His testimony also confirmed that he holds formal roles at RCC, RCWC, Adventus, and the Oakland Parochial Fund, (*id.* at 73:3–6, 74:1–3, 72:9–11, 74:7–11), and participated on behalf of those entities in the discussion of affiliate contributions to the Plan, (*see, e.g.*, *id.* at 28:7–24, 83:11–16, 84:6–24), in some instances confirming that he essentially negotiated with himself when determining the affiliates' contributions, (*id.* at 83:17–84:24).

Mr. Bardos's testimony did not fill the gaps in the Debtor's confirmation case; rather, it confirmed that the Plan is predicated on (i) predetermined, capped contributions rather than an attempt to maximize value; (ii) disposition of a limited subset of real property which the Debtor inexplicably contends will generate tens of millions of dollars more than it projected those same

properties would generate to fund the Third Amended Plan; (iii) an incomplete and inaccurate calculation of the liquidation value of the Debtor's real property; and (iv) reliance on votes from small, affiliated, non-survivor classes to manufacture an impaired consenting class notwithstanding the overwhelming rejection of the Plan by Class 4 Abuse Claimants.

With respect to funding the Survivors' Trust, Mr. Bardos confirmed the Plan's back-loaded payment structure. He agreed that the Exit Facility supplies $40 million in "new money" for the Initial Debtor Contribution, while $98.1 million of the remaining $110 million would not need to be funded until three and a half years after the Effective Date. (06/25/26 Trial Tr. (Bardos) at 77:1–10, 78:2–24.) Mr. Bardos also confirmed that the Plan requires funding *beyond* the $150 million Survivors' Trust contribution—such as payments to creditors in Classes 1, 3, and 6—which the Debtor will struggle to satisfy. (*Id.* at 79:9–80:4.)

Mr. Bardos's testimony concerning the Livermore Property confirmed that the Debtor will not pass any excess value to the Survivors: if the Livermore Property is sold for more than the $110 million Additional Debtor Contributions, the excess will be retained by Adventus (despite Adventus's agreement to contribute all proceeds from the sale of the Livermore Property). (*Id.* at 81:3–21.)

With respect to the Debtor-owned property, Mr. Bardos confirmed that the Debtor is proposing to pay $35 million more than it proposed in the Third Amended Plan based on the sale of an almost identical set of real properties and the same real estate valuations. (*Compare id.* at 87:11–90:17 (confirming Ex. C-67 identified the properties the Debtor would collateralize or sell to meet its obligations under the Third Amended Plan), *with id.* at 91:2–94:20 (confirming Ex. C-62 is the "complete universe of properties" the Debtor would use to fund the Plan).) A side-by-side review of the list of properties for sale/collateralization in connection with the Third Amended Plan and the Plan demonstrated that the Debtor is proposing to make fewer properties available to fund the Survivors' Trust, but generate more sale proceeds. (*See id.* at 102:2–7, 105:5–20.)

With respect to the Debtor's liquidation analysis, Mr. Bardos confirmed that, at a minimum, the analysis omitted several valuable Debtor-owned properties. Although he understood that the

Debtor's real estate expert, Adam Zimmerman, was charged with valuing "all of the property owned by the" Debtor and agreed that the Debtor's financial expert, Charles Moore, relied on Mr. Zimmerman's valuation, Mr. Bardos conceded that Debtor-owned cemetery and funeral properties, which hold independent value—including Queen of Heaven, St. Joseph, St. Michael, St. Mary, and Holy Cross—were excluded from Mr. Zimmerman's valuation. (*See id.* at 112:14–117:7.)

Finally, Mr. Bardos's testimony demonstrated the inequity of the Plan's treatment of Class 4 as compared to Class 3. (*See id.* at 127:19–141:19.) Class 3 consists of *de minimis* unsecured claims and is purportedly "impaired" under the Plan because creditors are paid roughly one year after the Effective Date without interest. (*Id.* at 127:19–130:5.) However, Mr. Bardos neither conducted nor saw any analysis of the amount of interest that would have to be paid to render Class 3 "unimpaired." (*Id.* at 130:22–132:17.) Only twelve creditors in Class 3, holding about $55,778.28 in claims, voted to accept the Plan. (*Id.* at 139:16–140:2.) The identified accepting creditors included, among others, the U.S. Conference of Catholic Bishops, whose $11,000.57 claim appeared to be an annual assessment; the Conventual Franciscans, a Catholic religious order with a $6,220 claim; Reverend Jerry Brown, who voted a $130 uncashed-check claim (which lists his address as 2121 Harrison Street, the same address as the Debtor); Salesian College Preparatory, a Catholic high school within the Diocese with a $3,000 claim; and Lumen Christi Academies, a Catholic educational institution affiliated with the Diocese and RCWC, with a $1,700 claim (which lists its address as 2121 Harrison Street). (*Id.* at 134:14–140:2.) The only other accepting votes came from RCC and the Unknown Abuse Claims Representative. (*Id.* at 140:21–23, 141:2–8.) By contrast, Class 4 voted 331 to eight to reject the Plan. (*Id.* at 140:14–20.)

iv. Andrew Currier.

Andrew Currier, the president of RCWC's board of directors and superintendent of Catholic schools for the Diocese, testified in support of the Plan and RCWC's potential $30 million contribution. (*See* 06/22/26 Trial Tr. (Currier) at 177:24–178:6.) Dr. Currier's testimony and lack of firsthand knowledge revealed that RCWC committed to contribute $30 million to fund the

Survivors' Trust without ever independently evaluating its actual liability for the approximately one hundred Class 4 Abuse Claims asserted against it. (*See id.* at 181:1–18, 184:14–25, 186:4–10.)

While the headline number is $30 million—which is $20 million less than RCWC proposed to contribute in December 2025—RCWC's actual contribution, if any, is unknown. (*See* Ex. CI-17.) The amount of RCWC's contribution, which is not paid to the Debtor but deposited into a separate escrow account, (06/22/26 Trial Tr. (Currier) at 187:12–17), depends entirely on eligible individual claimants executing releases post-confirmation, (*see id.* at 187:18–21). Dr. Currier conceded that RCWC does not know how much it will actually pay to the Survivors' Trust. (*Id.* at 187:22–188:2, 188:14–17, 188:25–189:2.) Notably, if no eligible claimants execute a release, Dr. Currier confirmed none of the $30 million will be released, and the funds in the RCWC Escrow will revert entirely to RCWC. (*See id.* at 188:18–24.)

None of this uncertainty has stopped the Debtor from representing to Survivors, to the public, and to this Court that the Survivors' Trust will receive a $30 million contribution from RCWC—for a combined total of $180 million, and that Holders of Class 4 Abuse Claims will receive, on average, $522,000 (which assumes the full $30 million is contributed and available to all Class 4 Abuse Claimants). (*See, e.g.*, June 15, 2026 Confirmation Trial Tr. ("**06/15/26 Trial Tr.**") (Debtor's counsel) at 10:13–21.)

In contrast to Debtor's counsel's repeated assertions, Dr. Currier confirmed that distributions from the RCWC Escrow would only be available to Class 4 Abuse Claimants who have asserted a compensable claim against RCWC *and* executed an RCWC release. (Ex. D-49 ¶ 9 (citing Plan § 9.3.2.2); 06/22/26 Trial Tr. (Currier) at 200:5–12.) Dr. Currier described this release mechanism as "a central and nonnegotiable requirement for RCWC's participation in the Plan," designed to ensure that "RCWC contribution funds are directed exclusively to persons with adjudicated compensable claims against RCWC, who, in exchange, provide RCWC the benefit of a binding release of those claims." (Ex. D-49 ¶ 17.) Accordingly, neither the 245 Class 4 Abuse Claimants that have not asserted claims against RCWC nor the RCWC claimants that do not execute a release would receive any distribution from the RCWC Escrow. (*See* 06/22/26 Trial Tr. (Currier) at 189:21–190:7.)

Dr. Currier's testimony therefore confirmed RCWC's contribution is illusory. The Debtor counts $30 million from RCWC toward its $180 million aggregate contribution and approximately $522,000 per-claim average, (*see id.* (Martin) at 132:25–133:11, 163:5–13), but Dr. Currier's own testimony confirmed that the actual amount the Survivors' Trust will receive from RCWC is entirely unknowable, and only available to certain claimants, (*see id.* (Currier) at 187:18–190:2, 191:25–192:8). In other words, RCWC—a solvent entity with $247.5 million in net assets—is contributing *at most* $30 million, and even that ceiling is contingent on future releases by individuals. The Debtor thus touts a figure it cannot promise to deliver.

v. Ronald Gies.

Ronald Gies, on behalf of RCC, testified in favor of the Plan. (06/23/26 Trial Tr. (Gies) at 166:12–167:3 (Gies); Ex. D-48 ¶ 1.) RCC has been financially intertwined with RCBO for, at a minimum, over a decade prior to the Petition Date. In 2015, RCC made a $20 million loan to the Debtor to refinance debt originally incurred in connection with construction of the Cathedral. (06/23/26 Trial Tr. at 175:20–177:8.) By 2022, the 2015 loan made by RCC had been paid down to approximately $6 million. (*Id.* at 178:3–5.) Then, in December 2022, RCC loaned the Debtor approximately $26 million, which subsumed the outstanding $6 million from the 2015 loan (the "**RCC Prepetition Loan**"). (*Id.* at 178:6–13.) Mr. Gies confirmed that RCC entered into the loan agreement days before the revival window closed without considering the hundreds of lawsuits pending against the Debtor at the time of the loan. (*Id.* at 180:19–181:20.)

The RCC Prepetition Loan was collateralized by three Debtor properties that are leased to RCC: (1) Queen of Heaven Cemetery; (2) Saint Joseph Cemetery; and (3) Holy Sepulchre (the "**RCC Prepetition Collateral**"). (*Id.* at 182:6–14.) Mr. Gies testified that these properties were chosen because of their "foundational" nature to RCC's business, as the properties are the "flagships of [the] RCC system," with a value of approximately $35 million. (*Id.* at 182:15–20; Ex. C-207 at 2–3.) Further, Mr. Gies confirmed that if RCBO properties were being liquidated, RCC would credit bid in an effort to purchase those properties (further discrediting Mr. Moore's conclusion, (*infra*

Section I.B.iv.a), that the RCC Prepetition Collateral has no value, and RCC's entire prepetition claim should be treated as an unsecured deficiency claim), (06/23/26 Trial Tr. (Gies) at 200:5–7).

RCC's unfaltering allegiance to the Debtor continued through the various iterations of the Plan. For example, RCC agreed to support the Plan before it even knew its proposed treatment under the Plan and despite the fact that its claim was unimpaired under prior iterations thereof. (*Id.* at 173:15–175:8.) Specifically, the Plan provides that RCC waives its default interest, late payment fees and penalties owed under the RCC Prepetition Loan. (*Id.* at 173:22–25.) RCC pledged approval of the Plan prior to its own calculation of the value of these waivers. (*Id.* at 174:5–11.)

vi. Joshua Hogan.

Joshua Hogan was appointed as the Unknown Abuse Claims Representative on March 11, 2026, following the passing of the prior Unknown Abuse Claims Representative, Judge Michael Hogan (Mr. Hogan's father). (Ex. D-47 ¶ 2.) Judge Hogan testified previously that he would vote "no" on any plan that seeks to cramdown confirmation over the rejection of Survivors, because he believed "cramdowns [don't] work in these cases." (Ex. D-47 ¶ 2; 06/24/26 Trial Tr. (Hogan) at 71:18–25, 72:19–23, 95:10–20.) Mr. Hogan's appointment in this Chapter 11 Case is his first experience serving as an unknown abuse claims representative independent of his father. (06/24/26 Trial Tr. (Hogan) at 72:7–18.) Mr. Hogan testified that he assisted his father in this Chapter 11 Case since Judge Hogan's appointment on December 20, 2024. (*See id.* at 72:19–73:5, 94:3–6.) He further stated that he (i) did *no* investigation into the potential number of Unknown Abuse Claims other than asking the Debtor whether any exist, (*id.* at 78:4–18; 79:12–80:5); (ii) did not file a proof of claim on behalf of Holders of Unknown Abuse Claims, (*id.* at 76:13–78:3); (iii) did not file a single pleading in the Chapter 11 Case, (*id.* at 88:23–89:5); (iv) did not evaluate the Debtor's assets, (*id.* at 81:5–6); (v) did not attempt to value the Class 4 Abuse Claims, (*id.* at 80:6–16); and (vi) did not analyze the feasibility of the Plan, (*id.* at 90:15–17).

Mr. Hogan assumed, without providing any explanation or analysis, that there will be fifteen Unknown Abuse Claims in this Chapter 11 Case. (Ex. D-47 ¶ 11.) Setting aside that Mr. Hogan

could not testify that there are *any* claims in Class 5, (06/24/26 Trial Tr. (Hogan) at 81:7–15), let alone fifteen claims, Mr. Hogan negotiated the treatment of Class 5 claims in the Plan without regard for the number of claims he believes may exist.

In general, Mr. Hogan testified that he followed his father's practice of negotiating treatment of unknown abuse claims based on the total compensation being offered to known abuse claims in any given case; his goal was for 3.5% of the funds allocated for abuse claimants to be set aside for unknown abuse claimants. (*Id.* at 86:6–87:4.) However, when pressed, Mr. Hogan could not justify the $7.7 million reserve he negotiated for Unknown Abuse Claims based on the total amount to fund the Survivors' Trust and could not tell the Court how he arrived at that number at all, except his admission that the calculation is not based on the Plan currently before the Court. (*Id.* at 87:13–88:22.) In the end, although Mr. Hogan intended for "equal treatment" between Classes 4 and 5 under the Plan, if Mr. Hogan's guess as to the number of abuse claims is correct, Holders of Unknown Abuse Claims will receive, on average, significantly more than Class 4 Abuse Claimants. (*Id.* at 84:12–86:15 (noting Class 4 Abuse Claimants will receive, on average, $412,463.77 per claim, while Class 5 claimants will receive, on average, $513,000 per claim).)

B. The Debtor's Expert Witnesses.

i. Denise Martin.

Through remarkably evasive testimony, Dr. Denise Martin offered opinions that have no relevance to any issue before the Court. In her own words, Dr. Martin "was asked by counsel to assess whether RCBO's Diocesan Contribution and Contribution per Claim in the Plan would provide economically reasonable compensation to survivors." (Ex. D-43 ¶ 7.) At the same time, she admitted that she does not know if the term "economically reasonable" appears in the Bankruptcy Code, chapter 11, or Section 1129. (06/22/26 Trial Tr. (Martin) at 122:11–123:1.) It does not.

Dr. Martin "did not value the claims in the state court system, either in aggregate or on a claim-by-claim basis" and offered "no opinion on what the abuse claims would be worth outside of the bankruptcy context." (*Id.* at 110:21–111:2; *see also id.* at 119:22–120:4, 120:15–21 (conceding,

in part based on a book she authored, that there is a "difference between the tort value of the claim and what the debtor may be able to pay.").) She did not look at the proofs of claims filed in this case, and thus offered no opinion on the type or severity of abuse suffered by the Survivors, other than to say that she "expect[s] that the type and severity of the claims pending here are similar to those in the other dioceses." (*Id.* at 110:19–111:20.) Although Dr. Martin critiqued the opinions of Katheryn McNally, the Committee's expert, she agreed that "historical settlements can be used to create a claim's valuation" "depend[ing] on the context." (*Id.* at 146:10–13.) In fact, Dr. Martin served as an expert in a different diocesan case and "used a methodology that focused on historical average settlements to value claims." (*Id.* at 146:14–24.) She also wrote in her book that "where data is available on the indemnity payments that historically have been made on similar claims, an average of these may serve to estimate the payment on pending or future claims." (*Id.* at 148:13–24.) Thus, her criticism of Ms. McNally for using the same types of comparators here is disingenuous.

Essentially, Dr. Martin's opinion is that the Plan is "economically reasonable" because it is on the high-end of contributions and dollars-per-claim when compared to other diocesan bankruptcies that support her conclusion. (Ex. D-43 ¶ 14.) Those other cases involve different debtors, with different assets and different liabilities, facing differing state laws, with differing corporate structures, *none of which she considered*. (06/22/26 Trial Tr. (Martin) at 125:10–13, 112:3–15, 159:9–13, 125:24–126:1, 164:2–3, 131:20–132:4, 149:7–10.) Importantly, half of the comparator cases had closed revival windows, meaning an affirmative statute of limitations defense existed (not available here), making those cases incomparable. (*Id.* at 149:14–16.)

Dr. Martin did not review the confirmation orders from the other thirty cases and did not know "what the Court's reasons were for approving the plans in those cases." (*Id.* at 131:9–12.) Instead, she "deemed" each of the other plans as economically reasonable herself "by virtue of the fact that the parties agreed to them." (*Id.* at 128:5–10; Ex. D-43 ¶ 29.) Dr. Martin acknowledged, however, that she provided a similar opinion on "economic reasonableness" in the *Diocese of*

Rochester bankruptcy case, and that the court gave "little weight to [her] testimony," stating her opinion was "only marginally relevant, . . . if at all." (06/22/26 Trial Tr. (Martin) at 123:13–124:7.)

Dr. Martin's comparison also did not include the settlement entered into by the Archdiocese of Los Angeles, (*id.* at 138:13–15, 139:16–140:9), despite acknowledging that the Archdiocese of Los Angeles was "subject to the same revival window that Oakland was, AB-218," (*id.* at 139:4–7). She also acknowledged the testimony from Bishop Barber that "the debtor looked at Los Angeles as one of the factors . . . in determining the amount under the third amended plan." (*Id.* at 140:10–17.) Her choice to exclude that settlement from her analysis skewed her results. Dr. Martin agreed that the amount of the Archdiocese of Los Angeles settlement equated to about $650,000 per claim. (*Id.* at 141:4–11.) That would have been the highest per-claim value of any of the comparators that Dr. Martin considered in her analysis, and $238,000 more per claimant than what Class 4 (excluding any recovery from RCWC that may be available to certain claimants) is proposed to receive under the Plan. (*Id.* at 141:20–24.) Put simply, she excluded a comparator which would have cut against her conclusions even though the Debtor stated it was relevant.

The amount of available assets that Dr. Martin assumed for purposes of her analysis, $112 million, further discredits her analysis. Because Dr. Martin did not "personally evaluate the debtor's assets," she instead relied on Mr. Moore's opinion on that issue. (06/22/26 Trial Tr. (Martin) at 112:3–9.) Even so, Mr. Moore prepared both a liquidation analysis (assuming the sale of twelve vacant parcels of land) and a supplemental liquidation analysis (assuming the sale of more, but not all, of the Debtor's assets). (*Id.* at 113:1–3.) Despite having access to both, Dr. Martin did not consider the supplemental liquidation analysis, which presented a larger amount of recoverable assets than the original liquidation analysis. (*Id.* at 113:7–115:5.) Dr. Martin conceded that the amount of the Debtor's recoverable assets *is* relevant to her opinion, stating that "if the amount of recoverable assets were materially higher" than the $112 million she assumed, "that is something I would want to take into account in forming my opinion." (*Id.* at 115:17–116:10.)

In her analysis, Dr. Martin also used the Debtor's incorrect calculation of average recovery per abuse claimant. Dr. Martin used a Debtor contribution of $180 million and divided that amount

by 345 claims to arrive at a per-claim contribution of approximately $522,000. (*Id.* at 132:13–21.) However, the $180 million figure includes the $30 million contribution from RCWC that is not available to all Class 4 Abuse Claimants. (*Id.* at 133:5–11; Ex. D-49 ¶ 9 (citing Plan § 9.3.2.2); 06/22/26 Trial Tr. (Currier) at 200:5–14.) If Dr. Martin instead used $150 million as her numerator and divided by 345 claims, the contribution would be $435,000 per claim. (06/22/26 Trial Tr. (Martin) at 133:12–19.) If she further accounted for the $7.7 million Unknown Abuse Claims Reserve, the per-claim contribution goes down to $412,000, which is $110,000 less per claim than her initial calculation. (*Id.* at 135:4–18.)

ii. John Satter.

John Satter, a senior director at Hilco Real Estate Appraisal, was retained by the Debtor to appraise certain properties owned by the Debtor and Non-Debtors ("**Satter Value Summary**"). (06/23/26 Trial Tr. (Satter) at 13:14–14:1; *see* Ex. D-167 (Satter Value Summary).) Mr. Satter valued the forty subject properties at their as-is market value and provided "a bulk value" of the properties, as if one buyer would purchase all forty properties. (06/23/26 Trial Tr. (Satter) at 13:24–15:5; *see also* Ex. D-167.) Mr. Satter's valuations support the Committee's argument that the Plan is not feasible, as they establish that the sale of the properties on the Real Property List will not generate sufficient proceeds to fund the Survivors' Trust as required under the Plan.

Mr. Satter utilized the categories set forth in the Real Property List: (i) "Non-Debtor Real Estate for Disposition/Collateralization"; (ii) "Potential Parish Vacant Land Property Disposition/Collateralization (Vacant Portions Only)"; (iii) "Potential Parish House Disposition/Collateralization"; and (iv) "Potential Whole Parish Site Property Disposition/Collateralization." (*See generally* Ex. D-167 (Satter Value Summary).) Mr. Satter concluded that the aggregate market value of the forty properties is $174,385,000. (06/23/26 Trial Tr. (Satter) at 41:1–6; *see also* Ex. D-167 at 2.) However, because it includes the values of certain parcels that the Debtor is not selling, (*see, e.g.*, 06/23/26 Trial Tr. (Satter) at 75:2–84:7), that figure is misleading in the context of Plan funding. Utilizing *only* the real property the Debtor will sell to

fund the Additional Debtor Contributions in the amount of $110 million (i.e., including only the excess/vacant land portion of real properties under the "Potential Parish Vacant Land Property Disposition/Collateralization (Vacant Portions Only)" category of the Satter Value Summary), (*see* Ex. D-167; 06/23/26 Trial Tr. (Satter) at 38:1–6, 39:20–23, 83:18–84:7), Mr. Satter's appraisals project that the Debtor will receive an estimated $54,325,000, (06/23/26 Trial Tr. (Satter) at 83:18–24). Mr. Satter's testimony confirmed that even for the properties labeled Potential Parish Vacant Land Property Disposition/Collateralization (Vacant Portions Only), the market value of the entire property as a whole—not the excess land portion alone—is included to reach the total value of $174,385,000. For example, while Mr. Satter opined that St. Charles Borromeo property has a market value of $11,250,000, Mr. Satter stated that the excess land portion (the portion the Debtor is willing to sell and could therefore collect proceeds from) has a value of only $5,550,000. (*Id.* at 77:24–78:11.) Similarly, Mr. Satter's valuation included the aggregate market value of St. Perpetua as $3,560,000, while the excess land portion that the Debtor has agreed to sell is valued at only $1,600,000. (*Id.* at 78:12–78:18.) In one instance, Mr. Satter valued St. Joseph Fremont at a $7,120,000 full-property value even though there was an excess portion with an unknown value—all of which he attributed to a miscommunication with the Debtor. (*Id.* at 79:16–80:13.) Thus, even the $54,325,000 estimated valuation is inflated.

iii. Adam Zimmerman.

Adam Zimmerman, a member of Hilco Global's real estate advisory group, was engaged by the Debtor to provide a portfolio liquidation analysis for approximately eighty-five religious-affiliated properties owned by the Debtor. (06/23/26 Trial Tr. (Zimmerman) at 102:8–14, 152:4–7.) Mr. Zimmerman's conclusion provided a range of valuations for a portion of the Debtor's assets, assuming (as not required by the Court or Bankruptcy Code) the Debtor-selected portfolio was placed on the market all at once and sold within sixty to ninety days. (*See, e.g.*, *id.* at 112:9–15, 132:4–133:8, 136:24–137:1.) Mr. Moore relied on Mr. Zimmerman's incomplete and legally irrelevant conclusion as an input to support his hypothetical liquidation analysis.

Critically, Mr. Zimmerman's analysis is incomplete. Mr. Zimmerman did not value all of the Debtor's real estate. (*See, e.g.*, *id.* at 161:13–19.) He relied on a list of real properties supplied by the Debtor's counsel, without conducting any independent assessment of whether the list included all the property the Debtor owns. (*Id.* at 111:16–18, 152:10–19.) Notably, Mr. Zimmerman did not value any of the Debtor-owned cemeteries because he "[w]as not asked to look at those." (*Id.* at 161:13–19.)

Mr. Zimmerman assigned zero value to certain properties due to "marketability" without further investigating the marketability concerns. (*See, e.g.*, Ex. D-169; *see also* 06/23/26 Trial Tr. (Zimmerman) at 143:13–146:5.) For example, Mr. Zimmerman valued St. John the Baptist Church – San Lorenzo at $0 because, in his opinion, the two parking lots were not marketable by themselves because selling them separately would leave the church without parking and "impair the remainder parcel." (06/23/26 Trial Tr. (Zimmerman) at 145:24–146:5.) On cross-examination, Mr. Zimmerman acknowledged that he did not know whether the adjacent church was owned by the Debtor (it is),[6] but agreed that if it were, a chapter 7 trustee would sell the church together with the parking lots. (*Id.* at 152:13–23.) The lack of diligence and failure to value all of the Debtor's real estate assets alone make Mr. Zimmerman's conclusions improper to utilize in connection with this Court's analysis of a hypothetical liquidation.

The usefulness of Mr. Zimmerman's testimony is further limited by what he did not do: Mr. Zimmerman did not perform property-specific appraisals, did not analyze the highest and best use of any individual property, (*id.* at 153:7–12), and agreed that he was "looking at a method," not the reality of the present circumstances, (*id.* at 148:4–10).

Although Mr. Zimmerman justified a compressed sale timeline based on a debtor's need to pay carrying costs, he did not evaluate whether carrying costs would be a factor at all here. (*Id.* at

[6] This is a flaw in Mr. Zimmerman's substantive analysis. His valuations list St. John the Baptist Church – San Lorenzo as a single seven-parcel campus valued at $0, implying he valued the campus as a whole including the church. (*See* Ex. D-169.) But Mr. Zimmerman never valued the church itself—indeed, he admitted he did not know who owned it—and assumed the church could not be sold when valuing the remaining parcels. The Debtor owns the church (as one of the seven parcels).

155:18–156:10.) Because he did not calculate carrying costs applicable to the Debtor, did not analyze assets to cover them, and did not know whether there were any mortgages on the properties he valued, (*see id.* at 156:1–10), each of the cases Mr. Zimmerman relied on to justify the rapid sale timeline—where the debtor's ability to pay carrying costs dictated the timeframe of the liquidation sale, (*see, e.g.*, *id.* at 129:9–130:11, 138:24–139:14)—were so distinguishable as to be irrelevant.

Mr. Zimmerman's liquidation value was driven by the illogical assumption that all of the Debtor's properties would be sold within a "severely limited marketing period" of sixty to ninety days with a "limited marketing effort." (*Id.* at 153:16–18, 154:10–12.) That timeline was grounded in the Appraisal Institute's definition of "liquidation value"—not in any Bankruptcy Code requirement or analysis of what a chapter 7 trustee would be required to do to fulfill its fiduciary duty to maximize the value of the Debtor's estate. (*Id.* at 122:1–123:8, 153:13–155:24, 156:11–19.) Mr. Zimmerman conceded that nothing in the Bankruptcy Code requires a chapter 7 trustee to liquidate all assets within sixty to ninety days and that a chapter 7 trustee would be motivated (and have an obligation) to maximize the value of real estate. (*Id.* at 156:11–19.) Mr. Zimmerman could also not identify any requirement under the Bankruptcy Code that all properties be placed on the market at the same time. (*Id.* at 159:14–17.)

Mr. Zimmerman then applied a 25% discount to the value of all the properties. (*Id.* at 133:10–14.) In support of the discount, Mr. Zimmerman partially relied on a study by HVS Global Hospitality Company, which surveyed brokers involved in liquidation scenarios for hotel assets. (*Id.* at 157:15–158:6.) When confronted on cross-examination with his report's statement that the discount was applied based on "Hilco's experience in marketing similar hotel assets," Mr. Zimmerman stated, "[t]hat's probably a typo." (*Id.* at 157:15–17.) He further conceded that hotel properties are "obviously different classes of assets" from the religious facilities he was asked to evaluate. (*Id.* at 158:1–6.)

The Debtor nevertheless relied on Mr. Zimmerman's skewed and incomplete valuation as the liquidation value of its real property portfolio, even though that number is only a liquidation value for a Debtor-selected subset of properties with an arbitrary discount applied across *all* valued

properties. (*See id.* at 111:12–18, 134:1–4, 152:4–12.) Mr. Zimmerman's opinion does not reflect the total value of the Debtor's real property, and it is not a reliable measure of what creditors could recover if all the real property was properly identified, marketed, and monetized.

iv. Charles Moore.

The Debtor offered Charles Moore as its financial and restructuring expert to offer opinions on the best interests test (including the Debtor's hypothetical liquidation analyses), feasibility, and the Debtor's financial projections. (*See* 06/15/26 Trial Tr. (Moore) at 74:17–20, 75:15–17, 76:10–13, 182:1–13; *see also* Ex. D-42 ¶¶ 12, 18.) Mr. Moore's testimony ultimately showed that the Debtor's case rests on selective assumptions and incomplete valuations rather than the creditor-specific proof required to confirm the Plan over the objection of non-accepting impaired creditors.

a. Best Interests Analysis.

In support of his best interests analyses, Mr. Moore prepared two liquidation analyses: a primary liquidation analysis, which assumes the disposition of twelve vacant parcels of real estate, (*see* 06/15/26 Trial Tr. (Moore) at 106:23–107:3), and a supplemental liquidation analysis—prepared after the Court directed a more comprehensive analysis, (*see, e.g.*, *id.* at 87:19–88:11)—that included, more, *but not all*, of the Debtor-owned real estate, (*see id.* at 88:15–17, 92:6–10). Neither analysis, however, accurately depicts the treatment of creditors under a hypothetical liquidation scenario.

Mr. Moore's primary liquidation analysis is incomplete by design, intentionally excluding the majority of the Debtor's real property assets. (*See, e.g.*, *id.* at 104:10–107:3.) On cross-examination, Mr. Moore confirmed that the primary liquidation analysis included properties the Debtor "would be willing to sell" in a hypothetical liquidation under chapter 7, (*see id.* at 194:9–12), but Mr. Moore could not identify the specific twelve properties and could tie them only generally to the twenty-nine "RCBO Parcels Vacant" column on the Real Property List, (*see id.* at 198:5–202:10). Mr. Moore's failure to identify the specific twelve properties at issue is particularly problematic because his basis for exclusion depends on whether "religious activities" were

occurring on property, yet Mr. Moore admitted he did not know which properties have "worshiping sacraments" or other religious activities on them. (*See id.* at 196:20–202:23.) Thus, the primary liquidation analysis excludes most Debtor real estate based on an assumed religious-use limitation that Mr. Moore did not apply to the actual properties at issue.

Although Mr. Moore repeatedly described the supplemental liquidation analysis as including all Debtor-owned real estate, (*see, e.g.*, *id.* at 105:3–5, 106:1–5, 106:11–12, 107:1–3), that assumption is based exclusively on the opinion of Mr. Zimmerman—who did not include all Debtor-owned properties, (*see supra* Section I.B.iii). With respect to the liquidation value of the real property that was included, Mr. Moore blindly adopted Mr. Zimmerman's flawed analysis, despite Mr. Moore's concession that he could not name a chapter 7 case completed in sixty or ninety days as Mr. Zimmerman assumed would be a requirement, nor calculated the carrying costs that were invoked to justify the compressed sale period. (*See* 06/15/26 Trial Tr. (Moore) at 217:7–219:2.)

Both liquidation analyses are further flawed because they import additional unreliable assumptions. Mr. Moore's litigation-cost assumptions depress the hypothetical chapter 7 recovery. Mr. Moore deducted $93.4 million in incremental litigation costs (in the mid-level recovery range) before any creditor recovery. (06/16/26 Trial Tr. (Moore) at 55:19–56:10; Ex. D-85.) That deduction assumed twelve trials relating to Class 4 Abuse Claims in state court, costing approximately $3 million each, three trials per year over four years, 7% inflation in counsel fees, and alternative dispute resolution ("**ADR**") costs of approximately $165,000 per remaining case—even though Mr. Moore assumed the hypothetical liquidation would be completed within twelve months. (*Id.* at 56:11–59:9.) Mr. Moore acknowledged that the number of assumed trials came from Debtor's counsel, that no document supported such a schedule, that the ADR assumption was not tied to a specific ADR service or method, and that the $3 million trial-cost assumption used Foley & Lardner LLP's ("**Foley**") bills and assumed a chapter 7 trustee would retain a premier firm like Foley. (*Id.* at 56:24–58:12, 59:10–15, 61:5–62:4.) In contradiction to that position, Mr. Moore acknowledged that insurers offered to reimburse defense costs at $350 per hour on a prepetition basis and that Foley professionals charge more than $350 per hour. (*Id.* at 61:8–61:14.) Mr. Moore

separately admitted that while he included chapter 7 trustee and professional fees, in addition to costs for claims review and litigation as a deduction in his liquidation analysis, paradoxically, on the Plan side of his best interests analysis, he neglected to deduct (or even calculate) costs of administration of the Survivors' Trust. (*See, e.g.*, *id.* at 41:3–42:3, 55:19–56:1; *see also* Ex. D-82.)

Mr. Moore's treatment of RCC's prepetition secured claim is another central flaw. RCC holds the only Class 1 claim based on the RCC Prepetition Loan, which Mr. Moore listed at approximately $25.87 million. (*See, e.g.*, 06/15/26 Trial Tr. (Moore) at 238:4–9, 261:17–20.) In connection with his liquidation analysis, Mr. Moore assumed that the RCC Prepetition Collateral was valued at $0. (*Id.* at 125:11–18, 238:10–13.) Mr. Moore therefore treated the RCC Prepetition Loan as a general unsecured deficiency claim. (*See, e.g.*, *id.* at 253:17–20.)

Mr. Moore's decision to assign a $0 valuation to the RCC Prepetition Collateral is belied by a number of facts in the record, including that the parties covenanted that the Debtor would collateralize the RCC Prepetition Loan with property appraised at approximately $37 million, (*see* Ex. C-90 § 6.13 (requiring that the Debtor maintain a loan-to-value ratio of no more than 70%).) Communications between the Debtor and RCC reflect that the parties agreed the RCC Prepetition Collateral was valued at approximately $35 million. (*See* Ex. C-207; 06/25/26 Trial Tr. (Bardos) at 119:25–120:3, 121:2–5.) Further, the Committee walked Mr. Moore through appraisals for the RCC Prepetition Collateral—totaling approximately $47 million. (06/15/26 Trial Tr. (Moore) at 239:4–253:13.) Notably, Mr. Moore did not use those appraisal values, even though his own projections forecast RCC cemetery rent from the Debtor of approximately $2.8 million in 2026, $3 million in 2027, and a 3% annual growth thereafter for those same properties. (*See, e.g.*, *id.* at 254:4–256:12.) Mr. Moore ultimately conceded that if the cemetery collateral were worth $47 million, RCC's deficiency claim would be zero. (*Id.* at 260:5–262:9.) The Court then clarified the same practical point, observing that if RCC simply took its collateral in a liquidation scenario, RCC would have no deficiency claim that would otherwise dilute recoveries for general unsecured creditors. (06/16/26 Trial Tr. (Moore) at 51:18–53:23.)

Mr. Moore's best interests analysis also fails at a fundamental level because it does not perform the creditor-specific comparison required for non-accepting impaired creditors. Mr. Moore agreed that the best interests test requires the Court to determine whether the Plan provides each non-accepting impaired creditor at least as much as that creditor would receive in a chapter 7 liquidation. (*See* 06/15/26 Trial Tr. (Moore) at 183:6–183:15.) Despite the Bankruptcy Code's requirements, Mr. Moore's analysis was conducted at a class level. (*Id.* at 183:16–25.) Mr. Moore himself acknowledged that a liquidation analysis must identify whether assets are available to different classes of creditors and must analyze how those proceeds flow through the "waterfall" to different types of creditors, but he did not differentiate between creditors eligible to receive distributions from the RCWC Escrow and those who are not. (*Id.* at 88:20–89:5.) Instead, Mr. Moore included the full RCWC contribution in his Plan contribution equation even though the $30 million (or a portion thereof) is contributed directly from the RCWC Escrow to the Survivors' Trust only if claimants provide RCWC Releases, and RCWC will not make any contribution if no claimants sign releases. (*See id.* at 136:15–137:10; 06/16/26 Trial Tr. (Moore) at 32:22–33:6.) Mr. Moore also conceded that he did not know the number of claimants with claims against RCWC or the amount a single RCWC claimant would receive if such claimant provided an RCWC Release. (*See* 06/16/26 Trial Tr. (Moore) at 33:18–20, 34:9–19.) Mr. Moore therefore treated a conditional, claimant-specific contribution as if it was available to all Survivors, without knowing or analyzing which individual creditors were eligible to receive it.

Mr. Moore's use of the $172.3 million Class 4 figure further exposes the flaws of his analysis: he used the Plan's proposed Survivors' Trust funding (including RCWC's potential contribution to certain claimants) in place of the value of the Class 4 Abuse Claims. (*See, e.g.*, *id.* at 34:20–35:16.) Mr. Moore admitted that figure was not a valuation of the Class 4 Abuse Claims but instead was derived from the cash amounts the Debtor and RCWC proposed to contribute under the Plan—less the $7.7 million Unknown Abuse Claims Reserve. (*See id.* at 34:20–35:19.)

Mr. Moore further admitted that the figure changed from his liquidation analysis conducted in connection with the Third Amended Plan because the Debtor increased its contribution and

because he now inexplicably added RCWC's contribution. (*See id.* at 36:1–38:20.) In other words, Mr. Moore used the Plan's proposed payments as a proxy for Class 4 Abuse Claim value, while admitting that neither he, nor anyone else acting on behalf of the Debtor independently valued the Class 4 Abuse Claims. (*See, e.g.*, *id.* at 34:20–35:10, 37:25–38:3.)

Mr. Moore's treatment of Non-Abuse Claims is no more precise: he could not confirm whether specific claims were included in his analysis as creditors in Class 2 or Class 3. (*Id.* at 13:22–16:8, 16:9–25:25, 48:22–51:13.) Mr. Moore may have arbitrarily reclassified certain Class 2 claims as Class 3 claims without any documented or verifiable basis for doing so. For example, when asked whether certain claimants (i.e., those who checked priority on their proofs of claim) were classified as Class 2 or Class 3 in his liquidation analysis, Mr. Moore did not "know if these specific individuals have amounts that are in priority, general unsecured, or both." (*Id.* at 13:18–14:6.) This uncertainty likewise raises the possibility that his tally of Class 3 claims may have improperly included claims, further undermining the reliability of his analysis.

As a result of the flaws and unreasonable assumptions in Mr. Moore's analysis, neither liquidation analysis is reliable, and therefore cannot be used to support the Debtor's conclusion with respect to the hypothetical liquidation test.

b. Feasibility.

Mr. Moore also testified that the Plan was feasible based on the financial projections prepared by Mr. Flanagan. (06/15/26 Trial Tr. (Moore) at 143:2–144:1.) Mr. Moore's feasibility opinion is flawed because it is premised on unreliable assumptions and inaccurate calculations.

The Plan requires a $150 million Debtor Cash Contribution to the Survivors' Trust within the three-and-a-half "Plan Payment Period," including a $40 million Initial Debtor Contribution on the Effective Date. (Plan §§ 9.3, 9.3.1, 9.3.1.1–9.3.1.3; *see also* 06/16/26 Trial Tr. (Moore) at 63:13–16.) The Plan also requires payment of Priority Claims as they become due and payable, payment of Class 3 General Unsecured Claims no later than one year after the Effective Date or after allowance, and funding of a $750,000 Non-Abuse Litigation Reserve for Class 6 claims. (Plan

§§ 4.2.2, 4.3.2, 12.7.2; *see also* 06/16/26 Trial Tr. (Moore) at 63:17–64:9.) Mr. Moore estimated that, within the relevant three-and-a-half-year period, the Debtor would need to make payments of approximately $160 million to fund the Plan. (06/16/26 Trial Tr. (Moore) at 66:1–5.) The initial $40 million of these payments would be funded by the Exit Facility, with the remaining $120 million to be funded from cash on hand and the sale of real estate. (*See id.* at 64:11–66:19.)

Mr. Moore testified that real property sales were the "primary source of funds" for the $110 million Additional Debtor Contributions to the Survivors' Trust. (*See, e.g.*, *id.* at 69:20–23, 73:15–16.) But Mr. Moore conceded that there are "no assurances on any of the property sales," that no one should treat the Livermore Property "or really anything as a given," (*see* 06/15/26 Trial Tr. (Moore) at 175:20–176:4), and that he could not identify which specific properties would be sold in which years to generate the projected sale proceeds, (*see, e.g.*, 06/16/26 Trial Tr. (Moore) at 71:14–18, 77:12–14; *see also* 06/15/26 Trial Tr. (Moore) at 209:20–210:15).

c. Financial Projections.

The Debtor's financial projections that Mr. Moore relied on for Plan feasibility also depended on unreliable revenue assumptions. Mr. Moore testified that parishioners have no contractual obligation to contribute to the Debtor, that diverting future church cash to the Survivors' Trust rather than church activities could negatively affect contributions, and that future cash flow was not a realistic source of funds for the Survivors' Trust. (*See* 06/15/26 Trial Tr. (Moore) at 178:10–179:4.) Mr. Moore further conceded that the financial projections include a voluntary contribution from CMS of approximately $750,000 per year with no binding obligation (and which Mr. Gies confirmed would not be made going forward, (*see* 06/23/26 Trial Tr. (Gies) at 171:1–9), projected Cathedral rental income of approximately $730,000 per year from RCC and RCWC for which Mr. Moore had not seen contracts, and discretionary Catholic Telemedia Network grants of over $2.4 million per year, (06/16/26 Trial Tr. (Moore) at 80:14–81:12, 87:12–89:9). Thus, although Mr. Moore characterized the Debtor's financial projections as reasonable, (*see, e.g.*, *id.* at 90:20–91:2), his opinion depends on the Debtor receiving exit financing, monetizing unknown property

sales, and realizing revenue assumptions that are not contractually guaranteed (and in some cases, denied by those entities), (*see, e.g.*, *id.* at 66:9–67:2, 71:14–18, 77:12–14, 80:14–81:12, 87:12–89:9; 06/15/26 Trial Tr. (Moore) at 175:20–176:4; 06/16/26 Trial Tr. (Moore) at; *see also* 06/23/26 Trial Tr. (Gies) at 171:1–9).

II. THE COMMITTEE'S WITNESSES.

A. Randi Rosen.

Randi Rosen, a Managing Director in Stout Risius Ross, LLC's real estate valuation advisory practice, was admitted without objection as an expert in real estate valuation and appraisal. (June 29, 2026 Confirmation Trial Tr. ("**06/29/26 Trial Tr.**") (Rosen) at 12:2–14.) Ms. Rosen's assignment was straightforward: value eighty-six real-property assets owned by the Debtor or its affiliates. (*Id.* at 14:3–6.) Ms. Rosen summarized those opinions in an admitted property-by-property chart. (*See* Ex. C-6; 06/29/26 Trial Tr. (Rosen) at 14:10–15:15.)

Ms. Rosen valued the real estate properties at approximately $807.63 million, including eighty-two RCBO-owned properties and four properties owned by related entities (Cathedral of Christ the Light, the Livermore Property, Cooper's Mortuary, and All Saints House). (*See* Ex. C-138 ¶¶ 9, 11; 06/29/26 Trial Tr. (Rosen) at 19:18–22, 21:8–14.) In total, Ms. Rosen valued the eighty-two Debtor-owned properties at approximately $430 million. (*See* 06/29/26 Trial Tr. (Rosen) at 52:1–12; *see also* Ex. C-6.)

Ms. Rosen valued the properties on a highest-and-best-use basis. (06/29/26 Trial Tr. (Rosen) at 52:13–16.) With the exception of the Livermore Property, Ms. Rosen assumed the current zoning of each property would remain unchanged, but assessed whether the property would be more valuable (i) for continued use of the existing improvements; or (ii) held for redevelopment, and valued each property for the use she determined would provide the Debtor with the highest market value. (*See* Ex. C-138 ¶¶ 19, 22–27.) With respect to the Livermore Property, Ms. Rosen assumed a rezoning of the property from agricultural to residential use, which she estimated will occur within eighteen to twenty-four months. (06/29/26 Trial Tr. (Rosen) at 37:7–39:3.) In light of the current

efforts to rezone the property and the high probability that rezoning will be approved, Ms. Rosen estimated the value of the Livermore Property is currently $103 million. (*Id.* at 38:14–23.)

The Debtor's cross-examination of Ms. Rosen did not meaningfully dispute her Debtor-owned property values: for the properties both Ms. Rosen and Mr. Satter valued, Ms. Rosen confirmed that the values she assigned to the properties were "pretty similar for the most part" to those assigned by the Debtor's expert. (*Id.* at 49:25–50:5.) Ms. Rosen's methodology also put Mr. Zimmerman's across-the-board discount based on a sixty-to-ninety-day sale period into perspective. While church properties would require an estimated twelve to eighteen months to sell at market value, Ms. Rosen testified that the Debtor owns single-family homes that could be marketed and sold at market value—not a discounted liquidation value—in an estimated seven to twenty-one days (meaning the properties could sell, without a discount, within Mr. Zimmerman's arbitrary sixty to ninety days). (Ex. C-138 ¶ 31; 06/29/26 Trial Tr. (Rosen) at 43:14–44:9.)

At bottom, Ms. Rosen provided expert market value evidence showing that just a portion of the Debtor's real estate assets are worth hundreds of millions of dollars, even before counting related-entity assets.

B. Katheryn McNally.

Katheryn McNally provided the only expert valuation in the trial record of the Class 4 Abuse Claims. (*See, e.g.*, 06/29/26 Trial Tr. (McNally) at 66:1–6, 68:1–12; *see also* Ex. C-137.) Ms. McNally is a Managing Director at Stout, the national practice leader for Stout's Commercial Litigation Group, and has spent her twenty-plus-year career working on mass-tort valuation and related issues for institutional defendants, defense counsel, and creditor committees. (06/29/26 Trial Tr. (McNally) at 64:4–11.)

Ms. McNally calculated a per-claim value of approximately $1.219 million and multiplied that figure by the 345 stipulated Class 4 Abuse Claims. (06/29/26 Trial Tr. (McNally) at 70:22–71:3; Ex. C-137 ¶¶ 33–34.) The per-claim figure was derived from the inflation-adjusted average of the Debtor's own historical settlements—specifically, the sixty-two settlements resolving claims

brought against RCBO during California's statute of limitations revival windows. (*See* Ex. C-137 ¶¶ 23, 26, 28, 33–34.) Ms. McNally identified this subset as a reliable benchmark because those claims, like the Class 4 Abuse Claims at issue here, were not subject to statute of limitations defenses. (*See* Ex. C-137 ¶¶ 17, 22; 06/29/26 Trial Tr. (McNally) at 76:19–23.) She then validated the benchmark by comparing the distribution of abuse allegations across the 345 Class 4 Abuse Claims to those in historical settlements and confirming through the Fisher's Exact Test that the differences were not statistically significant. (06/29/26 Trial Tr. (McNally) at 80:19–21, 81:3–6; Ex. C-137 ¶ 30; *see also* 06/29/26 Trial Tr. (McNally) at 82:24–83:2.) Ms. McNally further adjusted her per-claim figure downward by 20% to account for the narrower scope of release under the Plan. (Ex. C-137 ¶¶ 31–33; *see* 06/29/26 Trial Tr. (McNally) at 77:15–23.) Applied across 345 claims, that methodology yields $420,566,040 in potential Debtor liability for Class 4 Abuse Claims. (*See, e.g.*, 06/29/26 Trial Tr. (McNally) at 70:1–4, 70:22–25, 91:11–92:11.)

Ms. McNally did not opine on what is fair and equitable under the Bankruptcy Code, (*see id.* at 72:19–21), what the Survivors should receive under the Plan, what the Debtor should pay under the Plan, what the Survivors would receive under a dismissal scenario, or what the Debtor's ability to pay is generally, (*see id.* at 72:25–73:15). Rather, Ms. McNally's $420 million figure represents her opinion of the face value of the Class 4 Abuse Claims—a figure she distinguished from what claims may ultimately be paid in bankruptcy. (*See id.* at 74:12–25.) As Ms. McNally explained, there is a difference between the *value* of claims and what claims *are paid* as part of a bankruptcy proceeding; any argument that the Debtor may lack sufficient assets to satisfy the full value of claims does not reduce the underlying value of those claims. (*See* Ex. C-137 ¶ 13; 06/29/26 Trial Tr. (McNally) at 74:12–25.)

Thus, Ms. McNally's testimony stands alone in the record as the only valuation of the Class 4 Abuse Claims. That valuation provides essential context for the Court's consideration of whether to confirm the Plan despite rejection by Class 4 Abuse Claimants and in light of Section 1129's requirements.

C. Paul Shields.

Paul Shields is a Managing Director at Berkeley Research Group, with significant experience as an expert witness and in diocesan bankruptcy cases. (06/29/26 Trial Tr. (Shields) at 96:2–5, 99:1–18, 100:11–101:14.) He was offered by the Committee and accepted as an expert in restructuring and business valuation. (*Id.* at 101:15–20.) Mr. Shields's testimony pertained to (i) the Debtor's ability to contribute additional funds to the Survivors' Trust under the Plan; and (ii) the Debtor's liquidation analysis.

i. Ability to Pay.

Mr. Shields testified that the Debtor has additional assets that it *could (but chose not to) contribute* to the Plan. (*Id.* at 108:2–9.) More specifically, Mr. Shields identified the following four sources of additional value the Debtor could utilize to fund the Plan: (i) $22.5 million in existing parish and chancery cash and investment balances (the "**Additional $22.5 Million Contribution**"); (ii) $10 million in additional future cash flow from the parishes; (iii) purportedly restricted assets that are deemed unrestricted in the adversary proceeding pending before this Court (the "**Restricted Asset Litigation**"); and (iv) $71.4 million resulting from an additional parish restructuring.

Mr. Shields testified that he did not analyze the maximum amount the Debtor could contribute to the Plan or to the Survivors' Trust. (*Id.* at 109:20–22, 169:4–7 (clarifying he did not calculate a maximum contribution; rather, he made an assessment of a reasonable additional contribution).) Notably, in forming his opinions, Mr. Shields testified that (in addition to reviewing the Debtor's financial information), he primarily relied upon information relating to MAP, communications by Bishop Barber, and a rating methodology issued by Moody's referred to as a scorecard-indicated outcome. (*Id.* at 109:3–16.)

Mr. Shields's willingness to consider and rely on Bishop Barber's pastoral planning initiative, his statements, and his perspective in forming his opinion on the Debtor's ability to make additional Plan contributions, (*see id.*), is a clear indication of Mr. Shields's approach: to present a practical analysis—a thoughtful effort to bridge the analytical gap between the parties within the confines of Section 1129's confirmation requirements. As such, his analysis has particular utility

in that it offers a framework that can be used to inform certain of the intangible considerations that may or may not be presented by a diocesan bankruptcy. (*See id.* at 108:7–10, 142:1–21, 115:24–117:3.) Each of the four additional sources of value Mr. Shields identified is summarized, in turn, below.

a. Additional Cash and Investments ($22.5 Million).

Mr. Shields opined that the Debtor could immediately contribute an additional $22.5 million[7] from existing cash and investment balances of the parishes and the chancery. (06/29/26 Trial Tr. (Shields) at 113:1–114:11.) To arrive at his conclusion with respect to the Additional $22.5 Million Contribution, Mr. Shields calculated a "scorecard indicated outcome" by applying the same well-established credit analytics methodology utilized by Moody's to assess long-term debt ratings for nonprofits, including religious organizations. (*Id.* at 116:22–117:13.) The assessment, employing a Moody's scorecard indicated outcome, is publicly available and commonly used in a variety of contexts, and Mr. Shields testified that he personally uses this framework on a regular basis. (*Id.* at 118:6–7.) As the starting point for his analysis, Mr. Shields testified that he relied upon a Moody's study illustrating that most companies emerging from chapter 11 typically exit bankruptcy at a single B (speculative grade) rating. (*Id.* at 121:7–10, 137:18–24 (testifying that he viewed it as important to his opinion that the Debtor yield an investment grade outcome upon emergence); *see also* ***Figure 1*** (Moody's Long-Term Rating Scale).)[8]

The methodology used inputs relating to four key factors (and their respective sub-factors) that Moody's determined to be "most relevant in assessing the financial viability of an enterprise from a creditworthiness perspective": (i) market profile; (ii) operating performance; (iii) financial

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[7] For the avoidance of doubt, it is Mr. Shields's opinion that, in addition to the $5 million parish contribution the Debtor currently contemplates under the Plan, the parishes and chancery could contribute an additional $22.5 million, or a ***total*** of $27.5 million to the Plan. (*See* 06/15/26 Trial Tr. (Moore) at 176:1–177:2.)

[8] ***Figure 1*** is the Moody's Long-Term Rating Scale—a demonstrative Mr. Shields prepared to aid in his trial testimony, (*see* 06/29/26 Trial Tr. (Shields) at 125:14–21), and is annexed to the Appendix of Demonstrative Figures (the "**App.**"). This demonstrative and any others referenced herein are provided for illustrative purposes only.

resources and liquidity; and (iv) leverage[9] (the "**Moody's Factors**"). (*Id.* at 122:21–123:17.) The Moody's Factors are used to map the identified financial metrics to a long-term rating scale ranging from Aaa (lowest credit risk) to C (highest credit risk), with outcomes of Baa3 and above considered investment grade.[10] (06/29/26 Trial Tr. (Shields) at 120:12–21.) Of the nine total sub-factors, only the (i) "brand and strategic positioning"; and (ii) "financial strategy" sub-factors are qualitative in nature, requiring the analyst to select the input from a list of descriptions, each of which "map[s]" to a lettered score ranging from Aaa to C. (*Id.* at 123:10–12, 124:25–125:3, 125:16–21, 126:3–8.) The remaining seven sub-factors are "formulaic." (*Id.* at 123:12.) In sourcing his inputs for these largely objective "formulaic" quantitative sub-factors, Mr. Shields relied on the Debtor's financial information which includes financial statements for the parishes and the chancery. (*Id.* at 128:14–16.) Notably, Mr. Shields's sole adjustment to the raw financial information provided by the Debtor was to adjust revenue and expenses for payments made by the parishes to the chancery (in order to eliminate items that were merely flowing from the accounts of the parishes to those of the chancery). (*Id.* at 203:9–204:14.)

Mr. Shields methodically assigned each sub-factor a score using the appropriate, sector-specific criteria developed by Moody's, and then calculated the weighted average (which was then translated into a scorecard-indicated outcome ranging from Aaa to C) to arrive at his ultimate conclusion: the Debtor could immediately make the Additional $22.5 Million Contribution, and still remain financially sound upon emergence. (*Id.* at 113:1–114:11, 115:24–117:3, 124:5–10, 125:16–126:12.) More specifically, Mr. Shields's assessment of the Debtor's scorecard-indicated outcome upon emergence from chapter 11—even after accounting for the withdrawal of the Additional $22.5 Million Contribution (in addition to making adjustments to account for the Debtor's anticipated

[9] The Moody's Factors, sub-factors, and their relative weights are set forth in Mr. Shields's scorecard analysis. (*See* Ex. C-218.)

[10] *See* App., ***Figure 2*** – Moody's Mapping of Sub-Factors [Qualitative].

post-confirmation financials)[11]—results in a scorecard-indicated outcome of Baa2—an outcome reflective of an *investment grade* rating, as compared to the single B *speculative grade* rating referenced in the Moody's study as a rating most typical of companies emerging from chapter 11. (*See id.* at 137:18–24; Ex. C-218.) The conservatism in Mr. Shields's approach is evidenced by his decision to impose a minimum outcome requirement (i.e., the Debtor's achievement of an investment grade rating) for the Debtor's post-emergence financial position that is *not* otherwise mandated by the Bankruptcy Code, and in fact, is a higher rating than that which the evidence reflects is typical for companies emerging from bankruptcy. (*See id.* at 137:18–24.) Put simply—Mr. Shields's testimony illustrated that there is reliable, quantifiable data to support his opinion that the Debtor can make the Additional $22.5 Million Contribution *and* still emerge from chapter 11 as a financially sound organization. (*See id.* at 115:24–117:3.)

b. Restricted Asset Litigation (Unknown Amount).

Mr. Shields testified that a determination in the Restricted Asset Litigation that the Debtor's allegedly restricted assets are in fact unrestricted would increase the amount the Debtor could contribute to compensate Survivors. (*Id.* at 137:25–138:16.) This view is directly contrary to the Debtor's position that any newly unrestricted assets would merely constitute another source of cash for the Debtor to meet its existing commitment under the Plan (thereby accelerating but not increasing payments)—not a new source of additional funds for creditor recoveries. (06/16/26 Trial Tr. (Moore) at 110:8–110:16; *see* 06/16/26 Trial Tr. (Debtor's Counsel) at 107:22.) To the contrary, Mr. Shields testified that the Debtor's position is premised on the self-imposed cap on its Plan contributions—a position reflective of the Debtor's *willingness to contribute* as opposed to its *ability to contribute* to the Plan. (06/29/26 Trial Tr. (Shields) at 138:17–139:24.)

[11] Mr. Shields made adjustments to account for the anticipated post-confirmation changes to the Debtor's financials including the $55 million exit financing and the removal of Chapter 11 professional fees. (*See* 06/29/26 Trial Tr. (Shields) at 137:8–12.)

c. Future Cash Flow from Parishes ($10 Million).

Mr. Shields also testified that the Debtor could immediately contribute $10 million of additional future cash flow from the parishes, a source of funding that was excluded from the Debtor's financial projections. (*Id.* at 139:20–140:7.) Mr. Shields reached this conclusion by reviewing fifteen years of the parishes' cash flow, removing investment returns and non-recurring items (such as PPP loan proceeds), and adjusting for Bishop Barber's planned restructuring. (*Id.* at 140:10–141:1.) After making these adjustments, Mr. Shields determined that the cash flow for the parishes was $2.93 million per year, which works out to approximately $10 million over the Plan's three-and-a-half-year period. (*Id.* at 140:10–23.) Importantly, this $10 million would be an *incremental* contribution that could be made in addition to the Additional $22.5 Million Contribution. (*Id.* at 141:2–9).

d. Further Parish Restructuring ($71.4 Million).

Finally, Mr. Shields considered the potential impact of selling additional parish real estate beyond that of the thirteen parishes[12] already announced for closure. (06/29/26 Trial Tr. (Shields) at 142:22–25.) Mr. Shields testified that selling the real estate of fourteen additional parishes beyond the thirteen already scheduled for closure would yield an additional $71.4 million—all of which could go to the Abuse Claimants. (*Id.* at 143:1–20, 174:2–7.) Notably, in forming his opinion as it specifically relates to the additional real estate, he relied upon information relating to the MAP and communications by Bishop Barber. (*Id.* at 109:3–16.) Mr. Shields testified that this additional potential restructuring tracks a quantitative analysis performed by the Debtor regarding potential closures before the bankruptcy—an analysis that may have guided Bishop Barber's public statement that contemplated a reduction down to "fifty or fifty-four parishes." (*Id.* at 142:6–25.)

Mr. Shields's analysis regarding a potential sale of additional real estate was not designed to conclude that any particular parish should or could be closed. (*Id.* at 143:24–144:2.) Instead, Mr. Shields relied on Ms. Rosen's *average* per-parish real estate value of $5.1 million, (*see* Ex. C-

[12] References herein to the thirteen parishes announced for closure are, more precisely, twelve parishes and one pastoral center.

6), as well as simple multiplication to arrive at his conclusion that selling fourteen additional parishes would yield an additional approximate $71.4 million in value. (*Id.* at 143:1–20.)

ii. The Liquidation Analysis.

Mr. Shields testified that while he has the expertise to prepare a liquidation analysis, (*id.* at 106:6–8), he was unable to prepare a complete liquidation analysis in connection with the Plan because the information provided with respect to the Debtor's assets, and in particular, the real estate, was not complete, (*id.* at 105:6–11, 106:11–23 (stating the analysis did not include all of the Debtor's real estate—specifically real estate relating to cemetery assets)).

ARGUMENT

I. THE BANKRUPTCY CODE SHOULD BE APPLIED WITHOUT REGARD TO THE DEBTOR'S RELIGIOUS MISSION.

Throughout the case, the Debtor has erroneously claimed that forcing it to sell churches would violate the First Amendment, RFRA, and other religious exemption doctrines. (*See, e.g.*, *Debtor's Mem. of Law in Supp. of Confirmation of Debtor's Modified Fourth Am. Plan of Reorganization* ("**Debtor's Br.**") [Dkt. No. 3100] at 70–77.) Setting aside that this is a red herring (because the Debtor volunteered for chapter 11 and no one is forcing it to sell anything), the Debtor's religious mission does not exempt it from compliance with the Bankruptcy Code. Neither the First Amendment, RFRA, nor any of the doctrines the Debtor references bar the neutral application of secular law—in this case, chapter 11 of the Bankruptcy Code. The application of neutral principles of secular law to secular disputes is not unique to the Bankruptcy Code. As the Court in *In re Catholic Bishop of Spokane* explained in interpreting Section 541 of the Bankruptcy Code:

> Religious organizations do not exist on some ethereal plane far removed from society. As institutions, they engage in many secular activities. . . . Commencing a bankruptcy proceeding is certainly a secular activity. The fundamental purpose of a bankruptcy proceeding is to provide equitable and fair treatment for creditors and to provide the debtor a financial "fresh start." It is not a burden on a religious organization which voluntarily seeks the protection of the bankruptcy laws to require it to treat its creditors in the same manner as any other

> debtor. It is not a burden on a religious organization to assess its rights vis-a-vis creditors on the same basis as any other debtor.

329 B.R. 304, 325 (Bankr. E.D. Wash. 2005), *rev'd in part on other grounds*, 364 B.R. 81 (E.D. Wash. 2006); *see also Order Granting Prelim. Injunction, Off. Comm. of Unsecured Creditors v. Roman Cath. Archbishop of Baltimore*, Adv. No. 26-00041-MMH (Bankr. D. Md. Apr. 3, 2026), Dkt. No. 22 (holding that religious entities "cannot accept all the benefits of chapter 11 while rejecting its burdens").

Although First Amendment jurisprudence typically requires consideration of the interest at issue as compared to the burden imposed, the Debtor offered no evidence on how application of Section 1129 of the Bankruptcy Code would in any way burden its religious activities. Indeed, "[i]f application of a particular Bankruptcy Code section would constitute a substantial burden on religion, the appropriate remedy would be dismissal of the bankruptcy case." *In re The Cath. Bishop of Spokane*, 329 B.R. at 324 n.5. The Bankruptcy Code is an integrated statutory scheme. Bankruptcy debtors who voluntarily choose to participate in that statutory scheme, even those of a religious nature, should not be able to selectively choose among Bankruptcy Code sections.

Even where the Free Exercise Clause may be implicated in a bankruptcy proceeding, the Bankruptcy Code's provisions survive constitutional scrutiny. Under *Burwell v. Hobby Lobby Stores, Inc.*, "neutral, generally applicable laws may be applied to religious practices even when not supported by a compelling governmental interest." 573 U.S. 682, 694 (2014) (quoting *City of Boerne v. Flores*, 521 U.S. 507, 514 (1997)); *see also In re Roman Cath. Archbishop of Portland, Or.*, 335 B.R. 842, 853–58, 865–68 (Bankr. D. Or. 2005) (discussing under First Amendment neutrality principles, canon law is not relevant and cannot be considered when determining whether property is excluded in a bankruptcy estate).

Moreover, the Bankruptcy Code's provisions are narrowly tailored to maximize estate value and protect creditor interests. An exception allowing debtors to avoid Bankruptcy Code provisions based on religious beliefs "would undermine the narrowly tailored purpose of the Code" and "would also open up a religious affirmative defense beyond this case to all provisions of the Bankruptcy

Code, so long as that belief is sincerely held. The once-unified Bankruptcy Code would become piecemeal in its application." *Listecki v. Off. Comm. of Unsecured Creditors*, 780 F.3d 731, 748 (7th Cir. 2015).

II. THE DEBTOR HAS NOT PRESENTED SUFFICIENT EVIDENCE TO ESTABLISH THAT THE PLAN SATISFIES THE BEST INTERESTS OF CREDITORS TEST.

The Bankruptcy Code's best interests test requires that *each individual* dissenting impaired creditor receives at least as much under the Plan as it would in a hypothetical chapter 7 liquidation. 11 U.S.C. § 1129(a)(7). This "hypothetical liquidation" analysis is a "cornerstone of the theoretical underpinnings of chapter 11," standing as an "individual guaranty to each creditor . . . that it will receive at least as much in reorganization as it would in liquidation." *In re Sierra-Cal*, 210 B.R. 168, 172 (Bankr. E.D. Cal. 1997) (citations omitted). The burden is on the Debtor "to establish by a preponderance of the evidence that its Plan satisfied the best interests of creditors test." *In re Boteilho Haw. Enters., Inc.*, No. HI-23-1186-BSG, 2024 WL 4143933, at *5 (B.A.P. 9th Cir. Sept. 11, 2024). For the reasons set forth herein, the Debtor has not and cannot do so.

A. The Debtor, Like All Debtors, is Subject to the Best Interests Test Set Forth in Section 1129(a)(7).

i. Religious-Entity Property May be Monetized in Bankruptcy Under Neutral Secular and Bankruptcy Principles.

The Debtor has erroneously asserted that "if a chapter 7 trustee could not force the sale of individual churches, those churches should not be included as realizable value in the liquidation analysis." (Debtor's Br. at 62.) Significantly, however, the Debtor cites no case holding that a chapter 7 trustee cannot liquidate church property. Its only asset-exclusion authority, *In re General Teamsters, Warehousemen & Helpers Union, Local 890*, involved assets that federal labor law rendered non-saleable. (*See id.* (citing *In re Gen. Teamsters, Warehousemen & Helpers Union, Loc. 890*, 265 F.3d 869, 877 (9th Cir. 2001))). There is no comparable prohibition to sales of real property used for religious purposes.

The Committee Objection identifies authority showing that: (1) the best interests test applies to nonprofit debtors, including religious organizations, without statutory exception; (2) church

property is not judgment-proof and may be sold to satisfy debts; and (3) the First Amendment does not exempt the Debtor from compliance with neutral principles of bankruptcy law. (*See* Committee Obj. at 12–17 (collecting cases)); *see also Order Denying Approval of Disclosure Statements*, *In re Roman Cath. Archbishop of Baltimore,* Case No. 23-16969-MMH (Bankr. D. Md. Aug. 4, 2026), Dkt. No. 2813 at 7–8 (denying approval of debtor's disclosure statement, noting the proposed plan was patently unconfirmable because, *inter alia*, "[c]ertain significant assets of the Debtor's bankruptcy estate [were] excluded from the section 1129(a)(7) liquidation value, as well as the asset value available for distribution to creditors").

While the Debtor claims that it "has never taken the position that section 1129(a)(7) does not apply," (Debtor's Br. at 62), its liquidation analysis excludes hundreds of millions of dollars in what it claims is "mission critical" real property. That is functionally equivalent to exempting those assets from the test. The Debtor may propose its Plan as it sees fit, but it cannot dictate to the Court what an objective hypothetical liquidation analysis must look like. *See Order Denying Approval of Disclosure Statements*, *In re Roman Cath. Archbishop of Baltimore*, Case No. 23-16969-MMH (Bankr. D. Md. Aug. 4, 2026, Dkt. No. 2813 at 11 ("The Debtor does not get to decide unilaterally what assets it discloses or makes available for distribution to creditors. Those matters are decided under the Bankruptcy Code in the first instance, even if the assets may subsequently be removed from the estate or restricted from creditors' access."). Section 1129(a)(7) is an objective hypothetical measuring device, not a subjective inquiry into what assets a debtor is willing to contribute to a plan of reorganization. (*See* Committee Obj. at 12); *In re Sierra-Cal*, 210 B.R. at 172.

ii. RFRA Does Not Prohibit the Hypothetical Sale of Property Under the Best Interests Test.

The Debtor also argues that the forced sale of parishes used for worship would violate RFRA, which prohibits the government's imposition of a substantial burden on the exercise of religion. (*See* Debtor's Br. at 72–74.) RFRA's protections do not apply here for three reasons.[13]

First, RFRA does not apply to disputes between private parties; its text provides relief only against the government, not creditors. RFRA's plain language limits its scope to actions involving the government and authorizes relief only against the government when its acts substantially burden free exercise rights. 42 U.S.C. §§ 2000bb-1(a) ("*Government* shall not substantially burden a person's exercise of religion even if the burden results from a rule of general applicability"), 2000bb-1(c) (allowing a person to obtain "*relief against a government*") (emphases added); *see also Listecki*, 780 F.3d at 737 ("RFRA does not apply when the 'government,' as defined in RFRA, is not a party to the action.").

Second, even if RFRA applied, the Debtor cannot (and has not) established that considering all the Debtor's assets under Section 1129(a)(7) substantially burdens free exercise rights. Even if RFRA applied to private actions (it does not), the Debtor cannot show that the inclusion of its real estate assets in a *hypothetical analysis* substantially burdens free exercise rights.[14] The Debtor had seven days and twelve witnesses to present evidence of the "substantial burden" it protests. Yet rather than introducing the quantitative analysis regarding parish closures that it prepared and produced to the Committee, (*see* 06/29/26 Trial Tr. (Shields) at 142:1–21), the Debtor offered only

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[13] RFRA provides that the "Government may substantially burden a person's exercise of religion only if it demonstrates that application of the burden to the person (1) is in furtherance of a compelling governmental interest; and (2) is the least restrictive means of furthering that compelling governmental interest," (i.e., strict scrutiny). 42 U.S.C. § 2000bb-1(b). To the extent the Debtor's argument is premised on whether RFRA would prohibit the conduct or acts of the State of California, such as permitting a judgment creditor to execute a judgment against the Debtor's real property, RFRA is inapplicable to any such state action. *See Flores*, 521 U.S. at 536.

[14] Even if this were a governmental action to which RFRA applied, the bar of establishing a substantial burden is high. *See, e.g.*, *Apache Stronghold v. United States*, 101 F.4th 1036, 1055 (9th Cir. 2024) (A "disposition of government property" does not impose a substantial burden when it has "no tendency to coerce individuals into acting contrary to their religious beliefs," does not "discriminate against" or "penalize" religious adherents, and does not deny them "an equal share of the rights, benefits, and privileges enjoyed by other citizens." (citation omitted)).

unfounded assertions about the burden that it would face if it had to close additional parishes. (*See, e.g.*, Debtor's Br. at 73 n.13.) The Debtor mis-cites *In re Roman Catholic Archbishop of Portland, Oregon*, 335 B.R. 842 (Bankr. D. Or. 2005), (*see* Debtor's Br. at 72), where a bankruptcy court found that avoiding unrecorded parishioner interests in parish and school property *could* impose a substantial burden on free exercise rights. But *Portland* is inapposite. That court was not applying RFRA to the best interests test or any other confirmation requirement. Rather, at summary judgment, it considered whether avoiding unrecorded parishioner interests in parish and school property under Section 544(a)(3) would substantially burden religious exercise. Contrary to the Debtor's assertion that "[t]he bankruptcy court held that the possible loss or sale of all parish churches could result in a substantial burden," (Debtor's Br. at 73), the *Portland* Court *actually* held that substantial burden was a question of fact for trial. *In re Roman Cath. Archbishop of Portland, Or.*, 335 B.R. at 864. Thus, even under *Portland*'s framework, the Debtor needed to offer sufficient evidence of that burden at trial. It has not done so.

Third, even assuming a substantial burden, uniform application of the Bankruptcy Code is a compelling governmental interest and Section 1129(a)(7) is narrowly tailored to serve it. Uniformly applying the Bankruptcy Code serves the compelling governmental interest of assuring the fair treatment of creditors in a bankruptcy proceeding. Courts have held that protecting creditors is a compelling governmental interest of the highest order, comparing the bankruptcy system to the social security and tax systems—both of which have survived strict scrutiny. *Listecki,* 780 F.3d at 745–46 ("The mandatory and unified nature of the [Bankruptcy] Code is just as important as the tax and social security systems once it has been initiated."); *In re Navarro*, 83 B.R. 348, 353 (Bankr. E.D. Pa. 1988). Considering all of the Debtor's assets including its real estate, in the best interests test is narrowly tailored because uniform application of the Bankruptcy Code prevents gamesmanship and discriminatory treatment. *See Listecki*, 780 F.3d at 748–49 ("If an exemption to the [Bankruptcy] Code was created in the name of religious beliefs, we can envision scenarios in which individuals would join religious sects to circumvent the Code, all in the name of religion, and gain an 'economic advantage over' their secular competitors.").

For these reasons, the Debtor, like any other party proposing a chapter 11 reorganization plan, must include all of its assets in the liquidation analysis called for by Section 1129(a)(7).

B. The Evidence Adduced at Trial Illustrates that the Debtor's Best Interests Test and the Liquidation Analysis on Which it is Based are Incomplete and Flawed.

Mr. Moore's best interests analysis, (Ex. D-82) (the "**Debtor's Best Interests Test**"), and the supplemental liquidation analysis on which it is based, (Ex. D-85), purport to show that the Plan provides all creditors with a recovery at least equal to what they would receive in a chapter 7 liquidation scenario. The evidence adduced at trial, however, demonstrated that Mr. Moore's analysis is incomplete, flawed, and/or unreliable across each of its three key metrics: (a) the projected value of Abuse Claims; (b) the projected recovery for creditors under the Plan; and (c) the projected recovery for creditors under a liquidation scenario. When properly adjusted based on the trial testimony, as reflected in the Committee's Adjusted Best Interests Test (defined below), (*see infra* Section II.C), the Plan fails the best interests test because Class 4 Abuse Claimants fare much worse under the Plan than they would in a hypothetical chapter 7 liquidation.

i. Mr. Moore Relied upon the Plan Contributions to the Survivors' Trust as a Proxy for the Valuation of Abuse Claims.

Critically, neither the Debtor nor its experts valued Class 4 Abuse Claims—Mr. Moore instead listed the Class 4 Abuse Claims as being valued at $172.3 million, even admitting such amount "is not meant to represent the actual value of the abuse claims." (Ex. D-82 (Debtor's Best Interests Test); 06/16/26 Trial Tr. (Moore) at 34:20–35:10, 37:25–38:3.) Rather, it simply mirrors the Plan contribution from the Debtor and RCWC to the Survivors' Trust after subtracting out the $7.7 million Unknown Abuse Claims Reserve. (06/16/26 Trial Tr. (Moore) at 34:20–35:19.)

By using the proposed contributions to the Survivors' Trust as a proxy for Class 4 claim value, Mr. Moore's best interests test is circular: it measures the Plan's adequacy against itself rather than against the independent value of the claims. For example, if the projected claim value were estimated to be $420 million (based on the Committee's expert analysis) rather than $172.3 million (with all other inputs and assumptions in the Debtor's analysis remaining constant), Class 4's Plan

recovery percentage would drop from 100% to approximately 41%—drastically changing the comparison required under Section 1129(a)(7).

ii. Mr. Moore's Opinion Overstates Creditor Recoveries in a Plan Scenario through Misapplication of the Best Interests of Creditors Rule.

Mr. Moore included the $30 million RCWC contribution to the RCWC Escrow in his Plan contribution calculation, treating a combined $172.3 million as the recovery available to Class 4 Abuse Claimants. (*See* 06/15/26 Trial Tr. (Moore) at 136:15–137:10; 06/16/26 Trial Tr. (Moore) at 32:22–33:6.) While Dr. Currier indicated RCWC does not know how much it will actually pay to the Survivors' Trust, (06/22/26 Trial Tr. (Currier) at 187:22–188:2, 188:14–17, 188:25–189:2), he confirmed that the approximately 245 Class 4 Abuse Claimants that do not hold a claim against RCWC, and those with claims who do not execute a release of RCWC, would, under no circumstances, obtain a recovery from the RCWC Contribution, (*id.* at 200:5–12). Accordingly, Mr. Moore included the $30 million RCWC Contribution as a Plan asset for purposes of the best interests test without properly considering that only a portion of the RCWC Contribution may be contributed to the Survivors' Trust and that most Class 4 Abuse Claimants are not entitled to receive a portion of the RCWC Contribution.

Mr. Moore conceded the best interests test requires the Court to determine whether the Plan gives *each* non-accepting impaired creditor at least as much as that creditor would receive in a chapter 7 liquidation. (*See* 06/15/26 Trial Tr. (Moore) at 183:6–183:15.) Yet Mr. Moore's analysis was conducted at a *class* level and did not differentiate between creditors eligible to receive distributions from the RCWC Escrow and those who are not. (*Id*. at 183:16–25, 88:20–89:5.) Accordingly, Mr. Moore included the $30 million RCWC Contribution as a Plan asset for purposes of the best interests test without properly considering that only certain Class 4 Abuse Claimants would receive a portion of the RCWC Contribution and others would not. Thus, his analysis disregards that for any claimant who either (i) has no claim against RCWC; or (ii) chooses not to grant RCWC a release, the Plan recovery will be far lower than the $522,000 headline figure the Debtor touts. (*See* Ex. D-43 at 9–12.) This flawed assumption results in the complete exclusion

from his best interests analysis of the likely distribution to be paid to the significant majority of Class 4 Abuse Claimants (i.e., those who do not have claims against RCWC or who do not release those claims). In other words, by only presenting the best-case scenario for some Class 4 Abuse Claimants, Mr. Moore disregards the exact protections the best interests test is intended to provide.

iii. The Debtor's Depressed Real Estate Valuations and Inflated Liquidation Costs Dramatically Understate Creditor Recoveries in a Liquidation Scenario.

Mr. Moore relied on Mr. Zimmerman's portfolio liquidation analysis for the real property values in his supplemental liquidation analysis. The Zimmerman valuations are unreliable for multiple, independently dispositive reasons. (*See supra* Section I.B.ii.)

Mr. Zimmerman's incomplete and arbitrarily discounted valuation of the Debtor's portfolio is underscored by the real estate valuation of the Committee's expert, Ms. Rosen, who appraised eighty-two Debtor properties at approximately $430 million. (06/29/26 Trial Tr. (Rosen) at 52:1–12; *see also* Ex. C-6.) Additionally, evidence was adduced at trial regarding the substantial value of the Debtor-owned cemetery properties omitted from the Zimmerman Valuation. (*See, e.g.*, Ex. C-207; 06/25/26 Trial Tr. (Bardos) at 118:10–120:3.) Moreover, Mr. Zimmerman further depressed his valuations by assuming—without any Bankruptcy Code requirement or case-specific analysis—that the Debtor's vast real estate portfolio would be simultaneously marketed and sold within sixty to ninety days, followed by an arbitrary 25% blanket discount across the portfolio, notwithstanding his concession that a chapter 7 trustee is obligated to maximize value rather than conduct a fire sale. (*See* 06/23/26 Trial Tr. (Zimmerman) at 133:10–14, 153:16–18, 156:11–17, 159:14–17); *see also In re Crowthers McCall Pattern, Inc.*, 120 B.R. 279, 292–93 (Bankr. S.D.N.Y. 1990) (in determining obtainable value for purposes of a hypothetical liquidation analysis, and ultimately rejecting the debtor's fire sale premise of value, the Court determined an orderly liquidation premise of value was more appropriate where there was no indication—based on the nature of the debtor's business or operations, market considerations, or otherwise—that the debtor's assets could not be liquidated in an orderly fashion).

Mr. Moore's liquidation scenario also included an approximate $93 million midpoint estimate for incremental litigation costs. (06/16/26 Trial Tr. (Moore) at 55:19–56:10; Ex. D-85.) As discussed, the testimony at trial revealed that Mr. Moore's estimate for incremental litigation costs relied on unsupported assumptions regarding the number of trials, the timing of those trials, ADR costs, and premium defense costs, notwithstanding that insurers had offered to reimburse defense costs at substantially lower rates. (06/16/26 Trial Tr. (Moore) at 56:24–62:4.) The estimate is further skewed by internal inconsistencies—including assuming four years of litigation in a liquidation projected to conclude within twelve months—and by assuming litigation and claims-administration costs while failing to account for comparable costs of administering the Plan's Survivors' Trust. (*Id.* at 41:23–42:3, 56:11–59:9.) Notably, the incremental litigation costs are in addition to the separately projected liquidation costs for chapter 7 trustee fees, trustee's professional fees, and broker fees of approximately $25 million. (*See* Ex. D-85.)

C. When Properly Adjusted Based on the Evidence Elicited at Trial, the Plan Fails the Best Interests Test.

As set forth in the comparison of the Debtor's Best Interests Test and the illustrative adjustment below prepared by the Committee based on the trial testimony (the "**Committee's Adjusted Best Interests Test**"), Class 4 Abuse Claimants are poised to receive a mere 12.9% recovery under the Plan, as compared to the 98.2% recovery they are projected to receive in a hypothetical liquidation scenario. Based on the figures below, the Debtor has not established that Class 4 Abuse Claimants would receive at least as much under the Plan as they would in liquidation, *see In re Sierra-Cal*, 210 B.R. at 172, and it certainly has not done so by a preponderance of the evidence, *see In re Zaruba*, 384 B.R. 254, 262 (Bankr. D. Alaska 2008).

Figure 3 – Committee's Adjusted Best Interests Test[15]

Committee's Adjusted Best Interests Test							
Class	Claims / Equity Interests	Projected Midpoint Amount of Claims	Projected Amount Of Recovery Under The Plan[4]	Projected Midpoint Recovery % Under the Plan	Projected Amount of Recovery Under Liquidation[5][6]	Projected Midpoint Recovery % Under Liquidation	Pass / Fail
0	DIP Claims	$ 15,249,715	$ 15,249,715	100.0%	$ 15,249,715	100.0%	PASS
1	Secured Claims[2]	$ 25,872,322	$ 25,872,322	100.0%	$ 25,872,322	100.0%	PASS
2	Priority Unsecured Claims	$ 8,840,494	$ 8,840,494	100.0%	$ 8,840,494	100.0%	PASS
3	General Unsecured Claims[1]	$ 16,738,714	$ 16,738,714	100.0%	$ 16,429,194	98.2%	PASS
4	Abuse Claims[3]	$ 420,566,040	$ 54,325,000	12.9%	$ 412,789,244	98.2%	FAIL
5	Unknown Abuse Claims	$ 7,700,000	$ 7,700,000	100.0%	$ 7,557,617	98.2%	PASS
6	Non-Abuse Litigation Claims	$ 750,000	$ 750,000	100.0%	$ 736,132	98.2%	PASS
	TOTAL	$ 495,717,285	$ 129,476,245	26.1%	$ 487,474,718	98.3%	

III. THE DEBTOR CANNOT ESTABLISH THE PLAN IS FEASIBLE.[16]

In determining whether a plan is feasible, the court must determine that confirmation of the plan is "not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor," except to the extent proposed in the plan. *See* 11 U.S.C. § 1129(a)(11); *In re Pizza of Hawaii, Inc.*, 761 F.2d 1374, 1382 (9th Cir. 1985). The purpose of the feasibility requirement is "to prevent confirmation of visionary schemes" that promise creditors "more under a proposed plan than the debtor can possibly attain after confirmation." *In re Pizza of Hawaii, Inc.*, 761 F.2d at 1382 (citation omitted). Feasibility is a factual determination based on "whether the things which are to be done after confirmation can be done as a practical matter under the facts." *In re Jorgensen*, 66 B.R. 104, 108 (B.A.P. 9th Cir. 1986). "[S]heer optimism and hopefulness, without more, is not sufficient to support a finding of feasibility." *In re Curiel*, 651 B.R. 548, 565 (B.A.P. 9th Cir. 2023)

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[15] The Committee's Adjusted Best Interests Test is intended as a visual aid to summarize the trial testimony supporting the basis for each of the adjustments. Red font reflects differences as compared to the Debtor's Best Interests Test. Trial testimony citations are included for reference and summary purposes and are not intended to provide an exhaustive list of relevant trial testimony.

[16] The Debtor first provided the Real Property List that included the breakdown between Trust Collateral versus RCC Collateral on June 1, 2026—after the close of expert discovery and the deadline to file the Committee Objection, and two weeks prior to the first day of the confirmation trial. On June 9, 2026, the Debtor and the Committee entered into the *Stipulation Regarding Plan Real Properties* (Ex. C-86) (the "**Real Property Stipulation**"), which clarifies that the properties identified as "Trust Collateral" on the Real Property List are the only property the Debtor will use as Trust Collateral Property or to fund the Additional Debtor Contributions under the Plan, and that with respect to the property listed under "Potential Parish Vacant Land Property Disposition/Collateralization (Vacant Portions Only)," the Debtor intends to sell only the vacant portions thereof. (*See* Ex. C-86 (Real Property Stipulation).) Notwithstanding the belated disclosure of the Real Property List, the Debtor has repeatedly sought to take answers regarding feasibility by Matthew Babcock, the Committee's corporate designee, out of context, even though Mr. Babcock had not reviewed and was not shown the Real Property List at either his April 30, 2026 deposition or his June 3, 2026 supplemental deposition.

(citation omitted). To establish feasibility in a plan premised on the eventual liquidation of assets, the Debtor must demonstrate that a sufficient sale is reasonably likely to occur. *Id.* at 567–69; *see also In re Acequia, Inc.*, 787 F.2d 1352, 1364–65 (9th Cir. 1986).

While the Debtor's ability to fund the Initial Debtor Contribution through the Exit Facility was not disputed, the Debtor offered only optimism and earnest belief that it will be able to fund the $110 million Additional Debtor Contributions within three and a half years of the Effective Date. That contribution will primarily be funded through the sale of real estate, (*see* 06/16/26 Trial Tr. (Moore) at 73:12–16), the exclusive list of which, according to the Real Property Stipulation, is designated as Trust Collateral on the Real Property List.

Using the Debtor's valuations, the sale of the designated portions of those properties (i.e., the parcels the Debtor intends to sell) will generate only $54,325,000, (06/23/26 Trial Tr. (Satter) at 83:18–24; *see* Ex. C-84 (Real Property List); Ex. C-86 (Real Property Stipulation)), or *roughly half* of the Additional Debtor Contributions. The ability of the Debtor to achieve that figure is further undermined by Mr. Moore's acknowledgment that there is general uncertainty that comes with estimating the amount of proceeds that will be generated from the sale of real property, and his inability to explain the projected sale timeline or identify which properties would sell in any given year. (06/15/26 Trial Tr. (Moore) at 209:25–210:11.) Moreover, Mr. Moore's analysis included approximately $730,000 per year in rental income from RCWC and RCC for use of the Cathedral, which assumes court approval of the CCCEB Settlement. (06/16/26 Trial Tr. (Moore) at 80:14–81:8.)[17] Even further, when considered in light of the fact that the Debtor does not yet have all necessary approvals to sell the parcels it is pledging, including approval from the Vatican where necessary, (06/24/26 Trial Tr. (Flanagan) at 54:21–55:3), there is no sufficient or reliable evidence to prove that the Plan is feasible.

[17] In the event the CCCEB Settlement is not approved (for reasons including those set forth in Section VII.B herein, the Debtor's financial projections have to be adjusted downward to account for the impact of that lost income, casting additional doubt on the Plan's feasibility.

In addition to funding the Survivors' Trust, the Debtor is taking on at least $20.95 million in additional Plan obligations. (*See* 06/16/26 Trial Tr. (Moore) at 63:17–19, 64:4–65:10.) However, Mr. Moore acknowledged a number of facts which cast doubt on the Debtor's ability to fund both the Additional Debtor Contributions and the Plan's additional monetary obligations. (*See, e.g.*, 06/15/26 Trial Tr. (Moore) at 178:10–16) (stating that parish revenue—the Debtor's primary non-property revenue source—is entirely based on parishioner donations not subject to any contractual requirements); *see also supra* Section II.B (explaining weaknesses in the Debtor's financial projections).) Although numerous Debtor witnesses testified about their confidence in the Debtor's ability to meet its funding obligations, the evidence—namely, (i) the absence of cash held by the Debtor (including by the parishes), (*see, e.g.*, 06/24/26 Trial Tr. (Flanagan) at 54:13–16); (ii) the assertion that all other real estate is mission critical, (*see, e.g.*, 06/25/26 Trial Tr. (Bardos) at 20:18–21:2); and (iii) the sworn testimony that no additional funds are available from RCWC or RCC, (*see* Ex. C-87 at 8–9)—proves otherwise.

Importantly, the trial testimony, the Real Property List, and the Real Property Stipulation make clear that the Debtor is unwilling to slate any additional property for sale. (*See, e.g.*, 06/15/26 Trial Tr. (Moore) at 207:21–208:4 (testifying that the Debtor has additional properties it chose to retain rather than market for sale); Ex. C-84 (Real Property List); C-86 (Real Property Stipulation).) As a result of the rigidity of the Debtor's self-imposed limitation on its real property contribution, there is no additional real estate cushion in its feasibility analysis. Unlike in *In re Jorgensen* where there was a $22 million cushion between asset value and liabilities—here, when taken along with Mr. Satter's appraisal values, there is a deficit between the Plan assets and the liabilities being paid under the Plan. *See In re Jorgensen*, 66 B.R. at 108 (finding bankruptcy court properly confirmed creditor's plan, which was feasible where creditor's liquidation plan proposed to sell timber to satisfy creditors, and assets were valued at $43 million and liabilities at $21 million).

The speculative nature of the assumptions underlying the Debtor's feasibility analysis calls into question its ability to fund the Plan without the need for further reorganization, and the evidence at trial indicates the Plan is precisely the sort of "visionary scheme[]" that promises creditors more

than the Debtor can possibly attain after confirmation. *See In re Pizza of Hawaii, Inc.*, 761 F.2d at 1382. As such, the Debtor has failed to establish that the Plan is feasible.

IV. THE DEBTOR ATTEMPTS TO CRAMDOWN THE PLAN BASED ON THE VOTES OF INSIDERS, AN ARTIFICIALLY IMPAIRED CLASS, AND A NON-CREDITOR.

While the Debtor may technically meet the requirements of Section 1129(a)(10), it does so by an unavailing margin, over the vehement opposition of 331 Survivors, the primary constituency the Chapter 11 Case was filed to fairly compensate. The Debtor obtained votes in favor of the Plan by just fourteen creditors across Classes 1, 3, and 5. (*See* Ex. D-185; *see also Decl. of Andres A. Estrada with Respect to Solicitation and the Tabulation of Votes on the Debtor's Modified Fourth Am. Plan of Reorganization* [Dkt. No. 3207].) A deeper dive into the consenting classes of claimants demonstrates the inequity of the Debtor's request for this Court to be the first to cramdown a plan on Survivors—a cramdown that would be based on the votes of one insider, twelve creditors voting in favor of a Plan that pays them in full, and an Unknown Abuse Claims Representative that represents a Class that presently has no claims in it.

A. Class 1 Consists of an Insider that is Not Eligible to Vote on the Plan.

Class 1 consists of RCC's prepetition secured claim. Although unimpaired in the Third Amended Plan, the Debtor impaired RCC's claim in the Plan in order to ensure an impaired consenting class. To impair RCC's claim, the Debtor proposes to waive default interest, late payment fees, and penalties totaling $2,534,000 that will not be paid. (06/23/26 Trial Tr. (Gies) at 173:22–174:4.) The Debtor presented no evidence that it could not pay RCC's claim in full, and RCC had not even calculated the amount of its impairment before agreeing to the proposed treatment of its claim. (*Id.* at 174:5–11.)

Regardless, RCC's vote—the only creditor and the only vote for Class 1 under the Plan—should be disregarded based on RCC's "insider" status pursuant to Section 1129(a)(10) of the Bankruptcy Code.

The Bankruptcy Code defines the term "insider" using a non-exhaustive list of examples, including affiliates of the debtor. *See* 11 U.S.C. § 101(31)(E); *see also* 11 U.S.C. § 101(2)(C) (defining "affiliate" to include, *inter alia*, "a person whose business is operated under a lease or operating agreement by a debtor, or person substantially all of whose property is operated under an operating agreement with the debtor"). In addition to those so-called statutory insiders enumerated in Section 101(31), applicable case law also recognizes a separate group of *non-statutory insiders*, who are "not explicitly listed in § 101(31), but who [have] a sufficiently close relationship with the debtor to fall within the definition." *In re The Vill. at Lakeridge, LLC*, 814 F.3d 993, 999–1000 (9th Cir. 2016); *see also In re Enter. Acquisition Partners, Inc.*, 319 B.R. 626, 631 (B.A.P. 9th Cir. 2004) ("[I]nsider status may be based on a professional or business relationship with the debtor . . . where such relationship compels the conclusion that the individual or entity has a relationship with the debtor, close enough to gain an advantage attributable simply to affinity rather than to the course of business dealings between the parties."). RCC is both a statutory and non-statutory insider, and both the Debtor and RCC have repeatedly conceded as much. (*See, e.g.*, Ex. D-48 ¶ 3; 06/23/26 Trial Tr. (Gies) at 168:25–169:7.)

The definition of "affiliate" includes, *inter alia*, "a person whose business is operated under a lease or operating agreement by a debtor, or person substantially all of whose property is operated under an operating agreement with the debtor." *See* 11 U.S.C. § 101(2)(C). RCC, an entity that operates cemeteries and funeral homes within the diocese, does not own any real property, but instead leases all of its operating premises from the Debtor. (06/23/26 Trial Tr. (Gies) at 172:17–21.) More precisely, Mr. Gies testified that the properties RCC leases from the Debtor are the "flagships of [the] RCC[] system." (*Id.* at 182:18–20.) Because the foundation of RCC's business is operated under lease agreements with the Debtor, RCC falls within the definition of a statutory insider of the Debtor. Additionally, the record shows at least two examples of the relationship between RCC and the Debtor that compel the conclusion that certain advantages have been conferred that are attributable solely to the affinity between the parties. First, RCC agreed to loan $20 million to the Debtor days before the revival window closed, at a time when it was well-known

that the Debtor had hundreds of sexual abuse lawsuits filed against it—potential liabilities that RCC never inquired about. (*Id.* at 180:19–181:20.) Second, RCC's blind agreement to accept the Plan's treatment of its claim without knowing or calculating the extent of the waiver proposed by the Debtor is behavior of a connected entity with an affinity for the Debtor, not ordinary course dealings between completely unrelated actors. (*Id.* at 175:3–8.)

Given its position as an insider, RCC should not have been entitled to vote on the Plan, and its vote should therefore be disregarded.[18] As a result, Class 1 does not qualify as an impaired consenting class.

B. Class 3 (General Unsecured Claims) is an Artificially Impaired Class with an Improper Motivation to Support the Plan.

Holders of claims in Class 3 are owed, in total, approximately $1.2 million. (06/25/26 Trial Tr. (Bardos) at 130:2–18.) Under the Plan, the Debtor proposes to pay this class in full one-year after the Effective Date. The Debtor has not provided any evidence as to why those claims cannot be paid in full on the Effective Date and has not conducted an analysis as to whether any interest is owed on any claims (*e.g.*, on an uncashed check to Bishop Barber in the amount of $300.00, (*see Global Notes and Statement of Methodology, Limitations, and Disclaimer Regarding the Debtor's Schedules of Assets and Liabilities and Statement of Financial Lines* [Dkt. No. 161] at 42), and if so, how much that interest would need to be paid to make the class unimpaired. (06/25/26 Trial Tr. (Bardos) at 131:3–6.) In fact, the Debtor's financial projections are evidence that it *can* pay these claims in full, plus any interest owed, on the Effective Date. (Ex. D-165 (projecting ending book cash of $10.3 million for FY26 and $11.2 million for FY27).) The Debtor, however, has elected to delay payment of these claims, with an improper motive of impairing the Class so that it could secure the support of an impaired consenting class. (*See* Plan § 4.3.2; 06/25/26 Trial Tr. (Bardos) at 129:1–130:8.) Aside from being evidence of bad faith, a closer look at the creditors voting in

[18] The Committee raised this argument in *The Official Committee of Unsecured Creditors' Motion to Designate Certain Class 1, Class 3, and Class 6 Votes* [Dkt. No. 3001] and preserved the right to seek adjudication of it in connection with confirmation in the *Stipulation Regarding Resolution of the Official Committee of Unsecured Creditors' Motion to Designate Certain Class 1, Class 3, and Class 6 Votes [Dkt. No. 3001]* [Dkt. No. 3205].

favor of the Plan demonstrates the inequity of basing cramdown of the Plan on the vote of this Class. *See In re Hotel Assocs. of Tucson*, 165 B.R. 470, 475 (B.A.P. 9th Cir. 1994) ("[T]he act of impairment in an attempt to gerrymander a voting class of creditors is indicative of bad faith."); *see also Order Denying Approval of Disclosure Statements*, *In re Roman Cath. Archbishop of Baltimore*, Case No. 23-16969-MMH (Bankr. D. Md. Aug. 4, 2026), Dkt. No. 2813 at 10 (expressing "significant concerns" that the debtor's proposed classification scheme was, *inter alia*, "not being proposed in good faith," where the Debtor appeared to have the financial ability to pay general unsecured claimants in full on or shortly after the effective date of the plan but classified claims as "impaired" because debtor was not paying post-petition interest or "some other nominal alteration").

Twelve Class 3 claimants voted in favor of the Plan, with claims totaling just $55,778.28. (Ex. D-185 at 4; 06/25/26 Trial Tr. (Bardos) at 139:16–140:2.) At least two of those creditors share an address with the Debtor, at 2121 Harrison Street: Reverend Jerry Brown, holding a claim of $130 for an uncashed check, (*id.* at 137:22–138:17), and Lumen Christi Academies, a Catholic educational institution affiliated with the Debtor that was established by Bishop Barber and participates in the Debtor's benefits and insurance plans, (*id.* at 138:25–139:13). Three of the remaining creditors in Class 3 that affirmatively voted to accept the Plan are Catholic religious-affiliated entities, whose claims total $17,220.57. (*Id.* at 134:14–140:2.) Each of those creditors is closely associated with the Debtor whose votes should not count for purposes of determining if Class 3 is an impaired consenting class.

Following the removal of those five creditors, the remaining creditors who voted in favor of the Plan hold claims totaling $33,226.92. Juxtaposed to the hundreds of millions of dollars owed to the hundreds of Class 4 Abuse Claimants, some of whom were raped and sodomized as children, that will receive pennies on the dollar and voted to reject the Plan, the Plan cannot equitably be confirmed on the basis of a handful of creditors who are being paid in full.

C. Class 5 Cannot Serve as an Impaired Consenting Class.

There are presently no Claims in Class 5. The only vote submitted in this Class was submitted by the Unknown Abuse Claims Representative who is not a creditor. His singular vote does not qualify Class 5 to serve as an impaired consenting Class under Section 1129(a)(10) of the Bankruptcy Code. In addition to the arguments set forth in the Committee Objection, which demonstrate there is no basis to permit an unknown abuse claims representative to cast a vote on a plan at all, (*see* Committee Obj. at 35–37), Mr. Hogan, the Unknown Abuse Claims Representative, admitted that he did *no* investigation into the potential number of Unknown Abuse Claims against the Debtor other than asking the Debtor whether any exist, (06/24/26 Trial Tr. (Hogan) at 79:12–80:5), and simply assumed, without explanation, that there will be fifteen claims in the Class, (Ex. D-47 ¶ 11), in addition to other errors in his analysis, (*see supra* Section I.A.vi).

His negotiation of the Plan's treatment of Class 5 was untethered to even the arbitrary number of claims that might be in the class but instead was calculated as a percentage of the total compensation he believed would flow to the Survivors' Trust. (06/24/26 Trial Tr. (Hogan) at 86:6–15.) However, even that math was flawed, and Mr. Hogan could not justify the $7.7 million ask of the Debtor, which, assuming fifteen claimants in the Class, provides a *greater* average recovery to Unknown Abuse Claims than Class 4 Abuse Claims. (*Id.* at 84:12–85:16.) Regardless of the inadequacies in Mr. Hogan's investigation, assumptions, and math, it would be inequitable to cram down the Plan on *known* Survivors based on the vote of one non-Survivor who did not even perform appropriate diligence to make an informed decision for the potential creditors he owes a duty to.

V. THE PLAN DOES NOT SATISFY THE REQUIREMENTS FOR CRAMDOWN OVER THE SURVIVORS.

A. The Debtor Has Not and *Cannot* Carry its Burden of Proving the Plan's Discriminatory Treatment of Class 4 Abuse Claimants is Fair.

The Plan unfairly discriminates against Class 4 Abuse Claimants by subjecting them to substantially inferior treatment compared to creditors of the same priority, including Holders of Class 3 General Unsecured Claims. Claimants in Class 3 are poised to receive a full recovery under

the Plan—a recovery materially higher than that to which Survivors are entitled. (Plan § 4.3.2; 06/25/26 Trial Tr. (Bardos) at 128:18–21, 129:12–130:8.)

Even where a chapter 11 plan is discriminatory, a debtor can satisfy its burden with evidence that any such discrimination between classes is fair by showing: (i) "the discrimination [is] supported by a reasonable basis"; (ii) the Debtor "could not confirm or consummate the Plan without the discrimination"; (iii) "the discrimination is proposed in good faith"; and (iv) "the degree of discrimination is directly related to the basis or rationale to discriminate." *See In re Ambanc La Mesa Ltd. P'ship*, 115 F.3d 650, 656 (9th Cir. 1997); *In re Wolff*, 22 B.R. 510, 512 (B.A.P. 9th Cir. 1982) (same). At trial, however, any purported evidentiary showing by the Debtor on unfair discrimination was *strikingly* thin.

Significantly, absent evidence that the Debtor conducted a valuation of the Class 4 Abuse Claims, the Debtor *cannot* show that the discrimination in recovery rates is proportionate. None of the Debtor's witnesses even attempted to value the Class 4 Abuse Claims. (*See, e.g.*, 06/16/26 Trial Tr. (Moore) at 34:20–35:10; 06/22/26 Trial Tr. (Martin) at 110:19–111:2.) Where the Debtor failed to present the Court with *any* evidence of its valuation of Class 4 Abuse Claims, it has not (and *cannot*) carry its burden of establishing that the discrimination in recovery rates is proportionate or that the disparate treatment is fair. This evidentiary failure is fatal to the Bankruptcy Code's unfair discrimination prohibition.

Moreover, the record is entirely devoid of any evidence that would tend to establish the Plan's discriminatory treatment of Class 4 is reasonable. Indeed, that general unsecured claimants with claims for uncashed checks, unpaid assessments, and trade claims, (06/25/26 Trial Tr. (Bardos) at 127:18–23, 128:22–25), are to receive materially better treatment under the Plan defies general notions of fair play and justice. When pressed on the basis for cramming down the Plan, Mr. Bardos testified only that "we put together a fair and equitable plan . . . ." (06/25/26 Trial Tr. (Bardos) at 141:15–16.) Notwithstanding being given the opportunity in his live testimony to do so, Mr. Bardos was unable to offer any explanation for *why* it is fair for Class 4 to receive materially less than a 100% recovery while Class 3 receives full payment. (*See id.*)

Finally, the Debtor offered *no* testimony to illustrate that the discriminatory treatment was proposed in good faith or that, absent such treatment, the Plan could not be confirmed or consummated. *See In re Ambanc La Mesa Ltd. P'ship*, 115 F.3d at 656.

Accordingly, because the Debtor adduced no *evidence* at trial to establish its burden on the four *Ambanc* factors, there is no justification for proposing 100% recoveries to general unsecured claimants while Class 4 Abuse Claimants receive a fraction of the value of their claims. The Plan's disparate treatment of Class 4 Abuse Claimants is precisely the kind of treatment that courts have held to be unfairly discriminatory under Section 1129(b)(1).

B. The Evidence Adduced at Trial Fails to Establish that the Plan is Fair and Equitable Under ***Any*** Potentially Applicable Framework.

Although the absolute priority rule might not necessarily apply in the traditional sense to nonprofit debtors, *see In re Gen. Teamsters*, 265 F.3d at 874–75; *In re Wabash Valley Power Ass'n, Inc.*, 72 F.3d 1305, 1320 (7th Cir. 1995); (Debtor's Br. at 52–53, 65), the parties dispute how the Court should assess whether the Plan is fair and equitable. Regardless of the standard applied—whether the traditional fair and equitable requirement (including the absolute priority rule), a modified nonprofit framework, or by analogy to chapter 9 municipality restructurings—the evidence adduced by the Debtor at trial—which makes clear the Plan's $150 million cap on the Debtor's contribution is untethered to any objective or quantifiable analysis or measurement regarding what the Debtor's mission requires—fails to establish that the Plan is fair and equitable. On the contrary, the Committee's expert applied widely accepted and largely objective quantitative and qualitative analytics, (06/29/26 Trial Tr. (Shields) at 127:3–9), combined with assumptions that consider Bishop Barber's pastoral planning initiative and perspective, (*see id.* at 109:3–16), not just to illustrate that additional sources of value identified *can* be used to fund the Plan, but to show that there is reliable data indicating that the Debtor could contribute more *and* still emerge from chapter 11 as a financially sound organization, (*see id.* at 115:24–117:3, 137:18–24).

i. The Plan Violates the Economic Underpinnings of the Fair and Equitable Standard (Including the Absolute Priority Rule) by Allowing the Debtor to Retain Substantial Valuable Assets—While Paying Survivors Pennies on the Dollar.

The "fair and equitable" standard typically implements (and is interpreted as being centered on) the so-called absolute priority rule "under which an objecting class must be paid in full before any claim or interest junior to the claims of such class gets anything at all." *In re Perez*, 30 F.3d 1209, 1212–13 (9th Cir. 1994). However, case law interpreting what the "fair and equitable" standard requires more than mechanical compliance with Section 1129(b)(2)(B)(ii)'s absolute priority rule. *See E. W. Bank v. Ravello Landing, LLC*, No. 2:09-CV-02224-PMP-LRL, 2010 WL 3613882, at *10–11 (D. Nev. Sept. 7, 2010) (noting the absolute priority rule as one of the "alternative minimum requirements for finding a plan fair and equitable," and that "it may not be sufficient for a fairness finding"); *see also In re Dollar Assocs.*, 172 B.R. 945, 952–53 (Bankr. N.D. Cal. 1994). Ultimately, the Court must consider the particular facts and circumstances of the case when determining whether a plan is fair and equitable. *In re D&F Constr. Inc.*, 865 F.2d 673, 675–76 (5th Cir. 1989). Here, the Debtor proposes to retain hundreds of millions of dollars in real property, investment accounts, cash reserves, and other estate assets while paying Class 4 Abuse Claimants a small fraction of the value of their claims. At the same time, the Plan would enable the Debtor to emerge from chapter 11 with substantially all of its prepetition asset base intact, to continue operating its parishes and ministries, and to retain the economic benefit of property that, but for the Plan, would be available to satisfy creditor claims. (*See* 06/15/26 Trial Tr. (Moore) at 207:16–25.) Thus, under a traditional application of Section 1129(b)(2), the Plan clearly violates the economic underpinnings of the absolute priority rule.

ii. The Modified Nonprofit Fair and Equitable Framework.

When deciding not to apply the standard absolute priority rule, many courts have instead applied a modified absolute priority rule tailored to nonprofit companies that, by definition, lack equity holders. *See, e.g.*, *In re Corcoran Hosp. Dist.*, 233 B.R. 449, 458 (Bankr. E.D. Cal. 1999)

("In a reorganization of a municipality under Chapter 9 or of a nonprofit corporation under Chapter 11, the [absolute priority rule] must be interpreted somewhat differently.").

The relevant fair and equitable cases in the nonprofit context impose a far more demanding standard than is presented by the Debtor's "honest effort" test, (Debtor's Br. at 36, 53), which includes consideration of (i) whether the debtor has contributed *all* economic/saleable assets (not just what the debtor deems is the "maximum"), *see In re Gen. Teamsters*, 265 F.3d at 876; *see also In re Wabash Valley Power Ass'n*, No. 85-2238-RWV-11, 1991 WL 11004220, at *60 (Bankr. S.D. Ind. Aug. 7, 1991) (finding plan was fair and equitable where, *inter alia*, the debtor "converts every piece of economic property in Wabash into cash to be paid to its creditors," leaving members with no residual economic value); (ii) whether the entity retaining property is tantamount to an equity holder by analyzing the indicia of equity—control, profit share, and ownership of corporate assets—identified by the Seventh Circuit in *In re Wabash Valley Power Ass'n,* 72 F.3d at 1318–19; and/or (iii) whether the nonprofit is organized to provide a personal benefit to its director or management group. Thus, where members or patrons control the nonprofit organization for their own benefit, giving them an equity-like interest which could be viewed as property under the Bankruptcy Code, the absolute priority rule has been found to apply to nonprofit entities. *See, e.g.*, *In re S.A.B.T.C. Townhouse Ass'n*, 152 B.R. 1005, 1008–11 (Bankr. M.D. Fla. 1993). Here, as described in more detail below, the evidence (including testimony by the Debtor's own witnesses) unquestionably demonstrates that the Debtor is not proposing to contribute *the value of all saleable assets* to fund the Plan, but instead would emerge from chapter 11 with substantially all of its assets and operations intact. (*See* Committee Obj. at 39.) Moreover, even under the Debtor's view of applicable case law, there is no evidence presented to establish a maximum contribution consistent with its mission.

iii. The Fair and Equitable Test Applicable in Chapter 9 Offers a Particularly Useful Framework for the General Nonprofit Context.

To the extent the Court views the Debtor's status as a mission-driven, religious enterprise sufficiently unique to warrant special consideration, the chapter 9 absolute priority rule framework provides the Court with a useful guide for how to apply the "fair and equitable" requirement under

Section 1129(b) in this situation. "In a Chapter 9 case, the fair and equitable requirement has been interpreted to mean that Holders of Claims must receive all they can reasonably expect under the circumstances of the Case." *In re Hardeman Cnty. Hosp. Dist.*, 540 B.R. 229, 239 (Bankr. N.D. Tex. 2015) (citing Collier ¶ 943.03[1][f][i][B]). "[I]n determining those reasonable expectations, the [debtor] must be allowed to retain adequate revenues to continue operations because a Chapter 9 debtor 'cannot be dismantled or liquidated as in ordinary bankruptcy' and 'the fair and equitable rule does not prevent a municipal debtor from continuing to operate, even if creditors are not paid in full.'" *Id.*

The *Hardeman* Court explained that, in a chapter 9 case, "creditors cannot expect that, in making payments to Creditors under a plan, the Debtor's cash at any point in the future will go toward the additional payment of Claims because, as Collier makes clear, the Debtor must be allowed to retain sufficient funds with which to operate, make necessary improvements, and maintain its facilities." *Id.* (citing Collier ¶ 943.03[7][a] (citation modified)). There are parallels between a diocese bankruptcy case and a chapter 9:

> [t]he primary purpose of debt restructure for a municipality is ***not future profit,*** *but rather continued provision of public services.* The insolvency test measures whether a municipality can pay for the services it provides. Since insolvency is the foundation of Chapter 9 eligibility, it would make little sense to confirm a reorganization plan which does not remedy the problem. Stated differently—***there is no purpose in confirming a Chapter 9 plan if the municipality will be unable to provide future governmental services.***

Id. at 239 (quoting *In re Mount Carbon Metro. Dist.*, 242 B.R. 18, 34 (Bankr. D. Colo. 1999) (emphasis in original)). Here, too, the Debtor is a nonprofit with responsibilities to the community it serves. (06/16/26 Trial Tr. (Bishop) at 155:20–25, 182:25–183:1, 191:17–23.) But unlike the plan in *Hardeman*, the Plan fails to provide the best recovery for creditors under the circumstances—and it certainly does not provide the "maximum that the Debtor is able to pay while maintaining its mission." *In re Hardeman*, 540 B.R. at 239. Indeed, the Debtor presented no evidence to establish its Plan contribution credibly reflects its maximum ability to pay. Said another way, and as set forth

below based on the evidence adduced at trial, the Debtor could sell additional property and contribute additional assets while maintaining its mission and operations.

iv. The Plan Does Not Satisfy the Fair and Equitable Requirement Under *Any* of the Potentially Applicable Standards Because the Debtor Presented No Evidence Demonstrating its Plan Contribution is the Best Recovery for Creditors, the Maximum It Can Pay While Maintaining its Mission and/or its Operations, or that it Otherwise Meets the Fair and Equitable Standard.

a. The Evidence Presented by the Debtor Shows the $150 Million Cap on the Debtor's Plan Contribution is Arbitrary.

The Debtor presented no credible, quantifiable evidence from which the Court can evaluate *any* potentially applicable fair and equitable standard. Indeed, the Debtor's own witnesses confirmed that $150 million is the most the Debtor is *willing* to contribute to a Plan—even though it presently has additional assets that *could* be contributed or that may become available for contribution in the future. (*See, e.g.*, 06/15/26 Trial Tr. (Moore) at 207:16–25 (testifying that the Debtor has additional properties it chose to retain rather than market for sale); 06/25/26 Trial Tr. (Bardos) at 81:7–21 (clarifying that even if the Livermore Property sells for more than the Debtor's Additional Debtor Contributions any excess value would revert back to Adventus).) In addition, even if the Committee obtains a favorable result in the Restricted Asset Litigation—freeing up assets for potential contribution to Survivors—the Debtor still would not increase its Plan contribution. (*See* 06/24/26 Trial Tr. (Flanagan) at 53:1–6 (noting that, even if restricted assets become unrestricted, the Debtor still would not increase its contribution to the Survivors' Trust).) It is not surprising that the $150 million cap is fixed regardless of any excess proceeds, as the Debtor's previous representations regarding its "maximum" contributions have also proven to lack credibility. (06/22/26 Trial Tr. (Bishop) at 13:12–15:14 (confirming the Debtor went from $103 million to $115 million to $150 million without receiving any major gifts or donations).) The Debtor's self-imposition of a cap on what it is willing to contribute (regardless of ability) reflects neither an honest effort to satisfy the demands of its creditors nor a genuine attempt to maximize

estate value. *See In re Gen. Teamsters*, 265 F.3d at 877 ("[T]he plan represented the [union]'s *honest* effort to satisfy the demands of its creditors." (emphasis added)).[19]

b. The Debtor Presented No Relevant Evidence Regarding What the Diocese Mission Requires.

Even assuming *arguendo* that Bishop Barber must balance competing obligations—fairly compensating Survivors and maintaining adequate religious services for the people of Oakland—testimony expressing feelings of "confidence" and "earnest beliefs" are not relevant to the Court's determination of whether the terms of the Plan establish that balance. The Debtor introduced no objective or quantifiable evidence of what its mission actually requires—a deficiency the Court itself questioned at the close of evidence. (06/25/26 Trial Tr. (the Court) at 218:10–219:22.)

Bishop Barber's testimony—uncoupled from facts—cannot support a "fair and equitable" finding in this case, particularly when contrasted with the economic realities elicited at trial. For example, before filing this Chapter 11 Case, Bishop Barber contemplated a restructuring involving thirty parishes, describing it as "rightsiz[ing] the diocese," acknowledging there was "not enough money to keep every church open" and that closing churches would make the Debtor "stronger." (06/22/26 Trial Tr. (Bishop) at 41:24–45:11.) Yet no churches have been closed since filing. (*Id.* at 47:14–18.) Similarly, the Debtor has made no reduction in services, employees, charitable works, or ministries as a direct result of the bankruptcy. (*Id.* at 20:12–24.) Moreover, the most critical decisions in this case appear not to have been made by Bishop Barber at all. (*See id.* at 53:1–54:25 (Bishop Barber affirming that he did not select the properties that would be sold and, instead, they were selected by his "attorneys and my financial advisors").)

Significantly, the Debtor could have used objective data to support its conclusions. Bishop Barber's prepetition statements regarding a potential restructuring track a quantitative analysis that the Debtor performed and produced to the Committee, but never introduced (or even referenced) at

[19] Indeed, the Debtor expressly stated that it *could* sell and/or close certain parishes/churches (and thereby continue its mission with less operating churches) if necessary to achieve its desired contribution to the Survivors' Trust. (*See First Am. Disclosure Statement in Supp. of Debtor's Modified Fourth Am. Plan of Reorganization* [Dkt. No. 2902] at 10.) Thus, the Debtor has simply chosen not to sell or monetize additional assets beyond what has been designated to fund the contribution to Abuse Claimants under the Plan.

trial. (06/29/26 Trial Tr. (Shields) at 142:1–21.) Similarly, when asked about his position on whether the Debtor has the ability to pay more than the $150 million proposed under the Plan, Mr. Bardos responded that he was "confident" based on the "analysis" that the Debtor reached the point of understanding what they could or could not give up, (*see* 06/25/26 Trial Tr. (Bardos) at 20:13–21:2), but neither he nor *any* of the eleven other witnesses the Debtor presented at trial introduced that analysis. This omission is staggering given the Court's request for any "quantitative analysis about what [the Diocese] can shut and still do the job" and its concern regarding the lack of a "factual predicate" beyond Bishop Barber's subjective beliefs. (*See id.* (the Court) at 218:10–219:22.)

The Debtor cited no case, including *General Teamsters*, that holds that a nonprofit debtor may satisfy Section 1129(b) by unilaterally deciding what it can pay based on its business judgment, or more broadly, its general confidence or "earnest belief." Against this backdrop, the Court should attribute minimal weight to the Debtor's beliefs regarding its ability to pay. The Debtor's own evidence underscores that the arbitrary, self-imposed cap of $150 million lacks any objective or quantifiable connection to any identifiable projections regarding the retained assets or other evidence showing what would be required to maintain the Diocese's mission, operations, or otherwise. For the reasons set forth in this section, the Debtor has failed to satisfy its burden of establishing the Plan is fair and equitable

C. Mr. Shields's Testimony Demonstrates that the Debtor Can Contribute Substantially More to the Plan and Still Emerge from Chapter 11 Financially Sound.

The Debtor has at least four sources of additional value that it *could (but chose not to) contribute* to fund the Plan. (06/29/26 Trial Tr. (Shields) at 108:2–9), including (i) the Additional $22.5 Million Contribution; (ii) $10 million in additional future cash flow from the parishes; (iii) purportedly restricted assets that may be deemed unrestricted in the Restricted Asset Litigation; and (iv) approximately $71.4 million resulting from an additional parish restructuring**.**

i. The Moody's Analysis, Which is Reliable, Conservative, and was Reasonably Applied, Offers Quantitative (and Qualitative) Support for Mr. Shields's Conclusion Regarding the Debtor's Ability to Fund the Additional $22.5 Million Contribution.

In reaching his conclusion that the Debtor could immediately make the Additional $22.5 Million Contribution from cash and investment balances, Mr. Shields applied widely accepted and largely objective quantitative and qualitative analytics, (*id.* at 127:3–9)—not just to illustrate that an additional source of value he identified *can* be used to fund the Plan, but to show that there is reliable data indicating that the Debtor could do so *and* still emerge from chapter 11 as a financially sound organization with a Moody's scorecard-indicated outcome at investment grade level, (*id.* at 115:24–117:3, 137:18–24). The conservatism in Mr. Shields's approach is evidenced by his decision to impose a minimum outcome requirement (i.e., at the investment grade level) for the Debtor's post-emergence financial position that is (i) more strenuous than the single B (speculative grade level) outcome that Moody's has identified as being most typical of companies emerging from chapter 11; and (ii) *not* otherwise mandated by the Bankruptcy Code. (*See id.* at 121:2–10, 137:18–24.)

As discussed above, (*supra* Section II.C.i), Mr. Shields's conclusion was the product of a quantitative, methodical, and highly reliable Moody's scorecard analysis. Applying Moody's standardized, sector-specific methodology—which relies predominantly on objective, formulaic financial metrics drawn from the Debtor's financial statements—Mr. Shields determined that, even after funding the Additional $22.5 Million Contribution, the Debtor would emerge with a Baa2 investment grade scorecard outcome and strong liquidity metrics, indicative of continued financial soundness. (*See generally supra* Section II.C; Ex. C-218.)

The Debtor's attempts to test Mr. Shields's assumptions and inputs—particularly those underlying the *qualitative* sub-factor ratings Mr. Shields assigned in his Moody's scorecard-indicated outcome analysis, only served to underscore the reliability and conservatism in Mr. Shields's approach. (*See, e.g.*, *id.* at 134:11–135:21 (noting that, as part of his conservative approach, he did not make any adjustments for reduced operating expenses that will result from the planned closure of thirteen parishes—even though doing so would have improved the liquidity-

related metrics in the scorecard analysis).) Further, the Debtor questioned Mr. Shields's scoring decision on the "brand and strategic positioning" sub-factor (the "**Brand Sub-Factor**") in light of the "beating" the RCBO "brand has [] taken." (*See id.* at 204:21–205:25 (inquiring as to whether Mr. Shields's analysis would still yield an investment grade scorecard-indicated outcome if he were to apply a lower score to the Brand Sub-Factor).)

This attempt by the Debtor to challenge Mr. Shields's assignment of the "fairly good brand strength" score (which, pursuant to the Moody's sub-factor mapping chart illustrated in ***Figure 2***, maps to a Ba) to the Brand Sub-Factor as improperly inflating the scorecard-indicated outcome falls flat. As a result of his conservative approach, sufficient cushion exists in Mr. Shields's analysis to accommodate even a *two-level downward adjustment* of the Debtor's Brand Sub-Factor score while *still* yielding an investment grade scorecard-indicated outcome (Baa3 or higher). (*Id.* at 205:22–25.) In other words, even if Mr. Shields had chosen to assign the Debtor as having "very poor brand strength," which, pursuant to the sub-factor mapping chart in ***Figure 2***, maps to a Caa—a rating two levels lower than the "fairly good brand strength" score Mr. Shields applied—the resulting scorecard-indicated outcome would remain at an investment grade quality of Baa3.[20]

Thus, even after applying a downward adjustment to the Brand Sub-Factor to test the Debtor's challenge to Mr. Shields's approach, the Debtor could *still* make the Additional $22.5 Million Contribution from existing cash and investment balances and emerge from chapter 11 with an investment grade rating, which is higher than the typical score of B assigned to companies emerging from bankruptcy. (06/29/26 Trial Tr. (Shields) at 121:4–10.) Accordingly, Mr. Shields's

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[20] The hypothetical downward adjustment and its impact on the scorecard-indicated outcome is a simple, objective calculation that can be made based on information contained in Exhibit C-218. As reflected in Exhibit C-218, a Brand Sub-Factor rating of Ba results in a numerical score of 12.0, which is the midpoint score for Ba. (*See* Ex. C-218 at 2, Table labeled "Scorecard Factors to Numeric Score.") Qualitative sub-factors are scored at the midpoint of the range. Lowering the Brand Sub-Factor score by two levels (or a Caa rating) results in a numeric score of 18.0, which is 6.0 higher than the 12.0 numerical score tied to the Ba rating. Multiplying the increase in the numeric score by 15% (the weight Moody's assigns to the Brand Sub-Factor) yields an increase to the total weighted score of 0.9 (6.0 x 15% = 0.9). This results in a total weighted score of 10.21 (the 9.31 total weighted score reflected in Ex. C-218 + 0.9 increase in total weighted score resulting from the hypothetical adjustment = 10.21). As illustrated in the "Aggregate Numeric Score" range, (*id.* at 2), a total weighted score of 10.21 yields a Scorecard-Indicated Outcome of Baa3. (*Id.*)

conclusion regarding the Debtor's ability to fund the Additional $22.5 Million Contribution is supported by his reliable testimony regarding his reasonable and conservative application of the Moody's scorecard-indicated outcome.

ii. Additional Sources of Funding Could Be Contributed To the Plan to Increase Survivor Recoveries.

As detailed above, Mr. Shields identified several additional sources of value beyond the Additional $22.5 Million Contribution. First, he testified that, if this Court determines in the pending Restricted Asset Litigation that the Debtor's allegedly restricted assets are in fact unrestricted, those assets would increase the Debtor's ability—not merely its willingness—to fund additional recoveries for Abuse Claimants, contrary to the Debtor's position that such assets would only accelerate existing Plan payments. (06/29/26 Trial Tr. (Shields) at 137:25–139:19; 06/16/26 Trial Tr. (Moore) at 110:8–16.) Second, based on a review of fifteen years of parish cash flow, Mr. Shields concluded that the Debtor could contribute an additional $10 million from future parish cash flow over three-and-a-half years, independent of the Additional $22.5 Million Contribution. (06/29/26 Trial Tr. (Shields) at 139:20–141:9.) Finally, using the Debtor's own restructuring analyses, Bishop Barber's public statements, and *average* per-parish real estate value of $5.1 million, (*see* Ex. C-6), from Ms. Rosen's analysis, Mr. Shields calculated that the sale of real estate associated with fourteen additional parishes could generate approximately $71.4 million in additional Plan value, without opining that any particular parish should or would be closed. (06/29/26 Trial Tr. (Shields) at 143:2–23, 174:2–7; Ex. C-6.)

It is apparent from Mr. Shields's testimony that the Debtor has significant assets that it is simply choosing to retain rather than contribute to the Plan. The Debtor should not be permitted to avail itself of the Bankruptcy Code, shed hundreds of millions of dollars in sexual abuse liability, and *unilaterally* determine the amount of money it deems fit to pay Survivors. Because the Debtor's approach is neither fair nor equitable under *any* of the potentially applicable standards, the Court should not approve the Plan.

VI. THE PLAN HAS NOT BEEN PROPOSED IN GOOD FAITH.

In addition to the reasons set forth in the Committee Objection, the evidence demonstrated that the Debtor has not met its burden to prove the Plan was proposed in good faith to maximize value for creditors. *See* 11 U.S.C. § 1129(a)(3) (a court may only confirm a plan if "[t]he plan has been proposed in good faith and not by any means forbidden by law.")[21] In addition to the Debtor's failure to present any quantitative justification to the Court as to why and how the Debtor determined which assets are "mission critical," the Debtor further failed to demonstrate good faith by (i) viewing its contribution to the Survivors' Trust as a "cap" on its liability, even if the sale of admittedly non-mission critical property yields excess proceeds; and (ii) arbitrarily offering funding to the Survivors' Trust untethered to the assets it intends to monetize based on its own expert testimony.

A. The Debtor is Not Maximizing the Value of its Non-Mission Critical Assets for the Benefit of Survivors.

A central component of the Debtor's good faith in a bankruptcy case is its effort to maximize the value of its assets for its estate and creditors. *See In re JER/Jameson Mezz Borrower II, LLC*, 461 B.R. 293, 298 (Bankr. D. Del. 2011) (noting the Debtor's burden to "maximize the value of the Debtors' estate"). However genuine the Debtor's intent may be to pay Survivors as much as it can, the evidence presented shows that the Debtor is not maximizing value for the estate, and therefore the Plan has not been proposed in good faith.

First, the Debtor prepared a list of properties that it determined are not "mission critical," and that can be disposed of without impacting the Debtor's go forward mission. (Ex. C-84; 06/25/26 Trial Tr. (Bardos) at 20:18–21:2.) The Debtor is further confident that the property on the Real Property List will provide sufficient proceeds to fund the Plan.[22] (06/25/26 Trial Tr. (Bardos) at

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[21] Failing to propose a plan of reorganization in good faith does not require a finding by the Court that a debtor acted in bad faith. Rather, the inquiry is whether the plan of reorganization is intended to achieve results consistent with the objectives of the Bankruptcy Code.

[22] The Plan, as proposed, is not feasible. (*See supra* Section III.) However, because the Debtor's proposed Trust Collateral is insufficient to fund the Additional Debtor Contributions does not indicate that the Debtor is paying all it can. The Plan can suffer from two simultaneous problems, without contradiction: the assets the Debtor chose to part with are insufficient to fund the Plan, making the Plan unfeasible, and the Debtor's decision not to part with additional assets demonstrates a lack of good faith.

20:18–21:2.) In fact, the disposition of the properties it has already deemed non-mission critical may, according to the Debtor, yield excess funds above what is needed to fund the Survivors' Trust. For example, Mr. Bardos testified that although Adventus intends to donate the proceeds of the sale of the Livermore Property to the estate, once the Survivors' Trust is fully funded, it will retain any excess proceeds. (*Id.* at 81:7–21.) Likewise, proceeds from the sale of the Debtor's real estate in excess of $110 million will be kept by the Debtor and not increase the amount in the Survivors' Trust to compensate Abuse Claimants. (*See id.* at 81:14–21.) The Debtor has unilaterally imposed a cap on its contribution to the Survivors' Trust, regardless of what the sale of non-mission critical property yields.

Similarly, the Debtor has made clear that even if the Court determines that all of the assets subject to the pending Restricted Asset Litigation (tens of millions of dollars) are unrestricted and available to compensate Abuse Claimants, the Debtor will not contribute a single penny more to the Survivors' Trust. (06/24/26 Trial Tr. (Flanagan) at 53:1–6.) Any funds deemed unrestricted will only accelerate the payment of the Additional Debtor Contributions and enable the Debtor to retain additional (non-critical) real estate.

The Debtor essentially concedes that it intends (if possible) to retain more than it has represented to the Court that it needs to fulfill its mission. Thus, the Debtor is admittedly not maximizing value for creditors in the Plan, and, as such, the Plan was not filed in good faith.

B. The Debtor Inexplicably Claims It Can Pay $35 Million More Than Proposed in the Third Amended Plan Based Primarily on the Sale of the Same (or Fewer) Properties.

The Debtor languished in bankruptcy for an entire year following the Third Amended Plan to propose a plan that only *purports* to provide more for Survivors. Upon a closer look, the Debtor intends to fund the Survivors' Trust with more money using the proceeds from the sale of *less* properties which it has conceded have not changed in value.

In March 2025, the Debtor proposed the Third Amended Plan, through which it proposed to fund the Survivors' Trust with $115 million over five years, the majority of which would be funded

through (i) a loan from RCC in the amount of $55 million; (ii) $10 million in unrestricted cash held by the Debtor; and (iii) the sale of real estate. (Third Amended Plan § 9.3.1.) In connection with the Debtor's pursuit of confirmation of the Third Amended Plan, the Debtor provided a list of all the real property that would be sold to either collateralize the loan from RCC or sell to fund the Survivors' Trust. (*See* Ex. C-67 at 39–41.) The Debtor supported the Third Amended Plan with an expert report prepared by Mr. Satter, who provided an appraisal of certain properties contained on the Real Property List. The Debtor swore, under oath, that $115 million was the maximum amount it could contribute to the Survivors' Trust. (06/24/26 Trial Tr. (Flanagan) at 51:10–52:12.)

Approximately one year later, the Plan proposes to fund the Survivors' Trust with $150 million over three and half years, which would be funded through (i) $40 million from the Exit Facility, (ii) the sale of certain real estate on the Real Property List, and (iii) $5 million from the parishes, collectively. (Plan § 9.3.1; 06/24/26 Trial Tr. (Flanagan) at 53:12–14; 06/22/26 Trial Tr. (Bishop) at 91:23–92:5.) The sale of the Debtor's real estate is based on the *same* valuations by Mr. Satter that the Debtor relied on in connection with the Third Amended Plan. (06/23/26 Trial Tr. (Satter) at 34:22–35:21.) Now, however, $15 million less of the Exit Facility will be used to fund the Survivors' Trust and there is $10 million *less* available cash—meaning the sale of real estate will need to generate $55 million more to fund the Plan than in the Third Amended Plan. (*Compare* Third Amended Plan § 9.3.1; Ex. C-67 at 39–41, *with* Plan § 9.3.1; 06/24/26 Trial Tr. (Flanagan) at 53:12–14; 06/22/26 Trial Tr. (Bishop) at 91:23–92:5; Ex. C-62 at 9–13.)

The Real Property List contains all the real property that the Debtor is contributing to fund the Plan and specifies which of those real properties will serve as collateral for the Exit Facility, and which properties will be sold to fund the Survivors' Trust. (Ex. C-84 (Real Property List); C-62; Ex. C-86 (Real Property Stipulation).) In comparison to the Third Amended Plan, the Real Property List proposes *less* property available for sale to fund the Survivors' Trust, and the Debtor conceded the addition of $5 million from the parishes and addition of Our Lady of Guadalupe as a full parish disposition/collateralization property would not make up the delta. (06/25/26 Trial Tr. (Bardos) at 123:2–7; 06/22/26 Trial Tr. (Bishop) at 91:11–92:25.) Though its own evidence and expert

testimony showed otherwise, the Debtor expressed confidence that the sale of real estate would be sufficient to fund the Plan. (06/25/26 Trial Tr. (Bardos) at 94:15–20.)

These facts, without explanation, beg the questions of (i) how the Debtor actually intends to fund the Survivors' Trust (as the sale of real estate on the Real Property List designated as Trust Collateral will not be sufficient based on the Debtor's real estate valuations); and (ii) what is the most the Debtor can *actually* pay (whether through the sale of real estate on the Real Property List or otherwise).

Because the Debtor has not met its burden with respect to these questions, the Debtor cannot prove that it is maximizing value of the estate, or that its claimed course of action will be sufficient to compensate Survivors. As a result, the Debtor has not met its burden to prove the Plan is proposed in good faith, and confirmation must therefore be denied.

VII. THE PLAN DOES NOT SATISFY SECTION 1129(A)(1).

Section 1129(a)(1) requires that a chapter 11 plan comply with the applicable provisions of the Bankruptcy Code. The Plan's nonconsensual third-party releases and the unsupported settlement with CCCEB make the Plan unconfirmable on its face.

A. The Plan Contains Improper Non-Consensual Third-Party Releases.

The Plan seeks non-consensual releases of numerous non-debtor parties. (*See* Plan §§ 1.1.141, 13.11–13.13.) The Debtor has the burden to prove either that the non-Debtor releases are consensual, or that the releases are otherwise permissible in light of the Supreme Court's ruling in *Harrington v. Purdue Pharma L.P.*, 603 U.S. 204, 227 (2024). None of the Debtor's witnesses discussed the Plan's releases, nor provided any justification for the releases (not that any could exist in the face of *Purdue*). As such, the Plan cannot be confirmed with the inclusion of any of the non-consensual Non-Debtor releases.

B. The Debtor Did Not Present Any Evidence to Support its Settlement with CCCEB.

The Debtor seeks approval of a settlement with CCCEB through the Plan as described therein. (*See* Plan § 12.3.) To approve the CCCEB Settlement, the Debtor had the burden to prove

the settlement, waiver of the outstanding amounts owed by CCCEB in exchange for transfer of the Cathedral property (a property which has no value to creditors), satisfies the requirements of Federal Rule of Bankruptcy Procedure ("**Bankruptcy Rule**") 9019. *See, e.g.*, *In re Pac. Gas & Elec. Co.*, 304 B.R. 395, 416 (Bankr. N.D. Cal. 2004) (holding that, with respect to settlements in a debtor's plan of reorganization, "the standards under Rule 9019 will be applied."); *see also In re Astria Health*, 623 B.R. 793, 801 (Bankr. E.D. Wash. 2021) ("Heightened scrutiny is warranted when an insider benefits from a compromise or release that a debtor in possession proposes on behalf of its bankruptcy estate.").

In this Circuit, before a Court may approve a settlement under Bankruptcy Rule 9019, the Debtor must present evidence to the Court regarding "(1) probability of success in the litigation; (2) collectability; (3) complexity, expense, inconvenience, and delay attendant to continued litigation; and (4) the interests of creditors, which are said to be 'paramount.'" *In re Fitzgerald*, 428 B.R. 872, 884 (B.A.P. 9th Cir. 2010) (citing *In re A&C Props.*, 784 F.2d 1377, 1381 (9th Cir. 1986)).

The Debtor has not attempted to meet this burden. None of the Debtor's witnesses discussed the collectability of the amounts owed by CCCEB, and neither of the Debtor's real estate experts valued the Cathedral property. In fact, *none* of the Debtor's witnesses even referenced the settlement, except for Mr. Moore, who did not know whether CCCEB's assets were sufficient to pay the $40 million it owes to the Debtor. (*See* 06/16/26 Trial Tr. (Moore) at 79:3–22.) As such, the Court does not have any record before it from which it can consider or approve the CCCEB Settlement, and the Plan therefore cannot be approved in its current form containing that settlement. As discussed in connection with the Plan's feasibility, the Plan cannot be confirmed with the simple removal of the settlement, because such removal would impact the accuracy of the Debtor's financial projections, and the Plan would need to be analyzed through that lens (which is not before the Court).

CONCLUSION

For the reasons set forth herein and in the Committee Objection, the Committee requests that the Court deny confirmation of the Plan.

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Dated: August 7, 2026

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Appendix of Demonstrative Figures

Figure 1 - Moody's Long-Term Rating Scale[23]

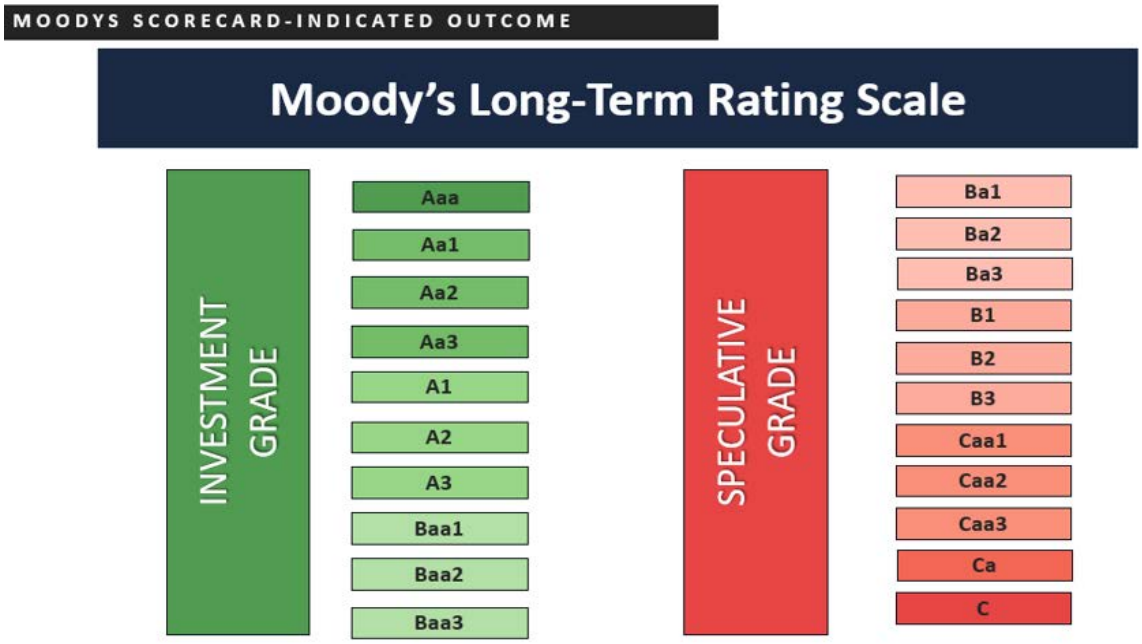


Figure 2 - Moody's Mapping of Sub-Factors [Qualitative][24]

MOODYS SCORECARD-INDICATED OUTCOME

Mapping of Sub-Factors [Qualitative]

Mapping to Long-Term Rating Scale	Brand and Strategic Positioning	Financial Strategy
Aaa	Exceptional brand strength	Exceptionally high quality of internal and external financial reporting
Aa	Excellent brand strength	Excellent quality of internal and external financial reporting
A	Very good brand strength	Very good quality of internal and external financial reporting
Baa	Good brand strength	Good quality of internal and external financial reporting
Ba	Fairly good brand strength	Fairly good quality of internal and external financial reporting
B	Poor brand strength	Poor quality of internal and external financial reporting
Caa	Very poor brand strength	Very poor quality of internal and external financial reporting
Ca	Extremely poor brand	Extremely poor quality of internal and external financial reporting
C	Extremely poor brand	Extremely poor quality of internal and external financial reporting

[23] As noted in the brief, the Moody's Long-Term Rating Scale above is the demonstrative Mr. Shields prepared to aid in his trial testimony. (*See* 06/29/26 Trial Tr. (Shields) at 125:14–21.) It is included herein for illustrative purposes only.

[24] As noted in the brief, the Moody's Mapping of Sub-Factors [Qualitative] above is the demonstrative Mr. Shields prepared to aid in his testimony. (06/29/26 Trial Tr. (Shields) at 124:25–125:13.) It is included herein for illustrative purposes only.

Figure 4 - Explanatory Notes to Committee's Adjusted Best Interests Test

Notes	Explanation of Notes / Adjustments	Trial Testimony Citation*
(1)	General Unsecured Claims recovery under the Plan does not contemplate the payment of interest.	*original note from Debtor's analysis*
(2)	With respect to the liquidation scenario, the Committee adjusted Class 1's projected liquidation recovery to reflect a 100% recovery on account of the value of RCC's collateral based on the upward adjustment of $35 million at the midpoint for the cemetery properties described in Note 4(b).	**(a)** 06/15/26 Trial Tr. (Moore) at 237:10–15, 260:19–22, 252:20–23.
(3)	With respect to the projected amount of the Abuse Claims, (a) Mr. Moore's input of $172,300,000 was revised based on (b) Ms. McNally's valuation of the Abuse Claims at $420,566,040.	**(a)** 06/16/26 Trial Tr. (Moore) at 34:15–35:15. **(b)** 06/29/26 Trial Tr. (McNally) at 70:1–4, 70:22–25, 91:11–92:11.
(4)	WIth respect to the Plan scenario, the Committee (a) revised the projected Plan recovery pool for Abuse Claimants to exclude the $30,000,000 RCWC Contribution for the reasons stated in this section, and (b)adjusted Mr. Satter's $174,385,000 valuation of Debtor property downward to $54,325,000 in the Plan scenario to reflect his trial testimony that the $174 million valuation included a broader scope of property than the Trust Collateral Property that the Debtor indicated it would use to fund the $110 million Additional Debtor Contribution to the Survivors' Trust.	**(a)** 06/15/26 Trial Tr. (Moore) at 182:18–183:3-12; 06/22/26 Trial Tr. (Currier) at 187:22–188:3. **(b)** 06/23/26 Trial Tr. (Satter) at 83:4–1337:21–38:1; 39:15–18; 83:4–18.
(5)	With respect to the liquidation scenario, the Committee adjusted the property input to reflect (a) Ms. Rosen's valuation conclusion that the 82 Debtor properties she assessed had a total value of $435,170,000, as compared to Mr. Zimmerman's valuation of Debtor property in a liquidation scenario in the amount of $171,865,000; and (b) an additonal upward adjustment of $35 million at the midpoint for the cemetery properties comprising the RCC Prepetition Loan that were valued at $0 in the Zimmerman Valuations.	**(a)** Ex. C-138; 06/29/26 Trial Tr. (Rosen) at 19:18–22, 21:8–14. **(b)** Ex. C-207; 06/25/2026 Trial Tr. (Bardos) at 124:1–4
(6)	With respect to the liquidation scenario, the Committee adjusted the Total Net Liquidation Proceeds from $130,115,306 in the Debtor's analysis to $487,474,718 to reflect (a) the increase in the property value described in Note 4, and (b) the decrease in Liquidation Costs from $120,631,264 in the Debtor's analysis to $61,576,852 as a result of: (i) eliminating the $93 million line item for incremental litigation costs, and (ii) proportional increases in trustee, professional, and broker fees that are calculated as a percentage of the property valuation. Although the Debtor's analysis only includes the projected percentage recovery in a liquidation scenario (and not the projected amount of recovery), Mr. Moore's Total Net Liquidation Proceeds can be calculated based on the claim values and the percentage recovery column (and by reference to the Debtor's supplemental liquidation analysis).	**(a)** Ex. C-138; 06/29/26 Trial Tr. (Rosen) at 19:18–22, 21:8–14. **(b)** 06/16/26 Trial Tr. (Moore) at 55:10–56:1, 41:17–22.