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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

DEBTOR'S MOTION TO CLARIFY LIFT STAY ORDER [DOCKET NO. 2168]

Judge: Hon. William J. Lafferty

Date: September 23, 2026
Time: 10:30 a.m.
Place: United States Bankruptcy Court
1300 Clay Street
Courtroom 220
Oakland, CA 94612

Case: 23-40523 Doc# 3462 Filed: 08/26/26 Entered: 08/2 2340523260826000000000001
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The Roman Catholic Bishop of Oakland, a California corporation sole, and the debtor and debtor in possession (the "Debtor" or "RCBO") in the above-captioned chapter 11 bankruptcy case (the "Chapter 11 Case" or the "Bankruptcy Case"), hereby files this motion (the "Motion") pursuant to sections 105 and 362 of Title 11 of the United States Code (the "Bankruptcy Code"), for entry of an order clarifying the Court's previous *Order Granting Renewed Motion of The Official Committee of Unsecured Creditors to Lift the Automatic Stay to Permit Certain Plaintiffs' Personal Injury Claims to Proceed in State Court* [Docket No. 2168] (the "Lift Stay Order"). The Debtor files this Motion because a question has arisen in the state court proceedings regarding the selection of a certain case for trial and whether that case must be "estate-neutral" meaning there is insurance coverage including coverage for Debtor's defense of the case, and Judge Chatterjee's direction that the parties may return to this Court seeking "clear direction as to whether this [case selection] complies with what he intended." See Section B, *infra*. Counsel for one of the state court plaintiffs – the Pfau Cochran law firm – has now opposed the Debtor's position that the Lift Stay Order was premised on each such case being estate neutral, meaning one for which an insurer is obligated to provide defense costs. Accordingly, the Debtor seeks an Order from this Court clarifying that the Lift Stay Order requires that any case for which the stay is lifted in the state court be estate neutral meaning there each such case is one for which an insurer is obligated to provide defense costs.

This Motion is based on the Memorandum of Points and Authorities set forth herein, the notice of hearing on the Motion, the declarations of Shane Moses (the "Moses Declaration") and Attila Bardos (the "Bardos Declaration") filed concurrently herewith and incorporated herein by reference, and upon such oral and documentary evidence as may be presented at the hearing on the Motion.

The Debtor's proposed form of order is attached hereto as **Exhibit A** (the "Proposed Order").

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MEMORANDUM OF POINTS AND AUTHORITIES

I.

INTRODUCTION

If this Court does not grant the relief requested in this Motion, the estate will be subjected to bearing the *complete* cost of defense of a State Court Action (as defined below) without *any* reimbursement from any Insurer. This is a result that was never intended when the Court lifted the stay to permit six State Court Actions to proceed to trial. Indeed, it is directly contrary to the express purpose of forcing insurers to step up, as stated by the Committee when it sought the Lift Stay Order.

Notably, this Motion is not about the amount or hourly rate an insurer must pay for defense costs; rather, it is about whether each case for which the stay is lifted must be one for which an insurer is obligated to provide *any* cost of defense. For example although the Debtor disputes the hourly amount paid by one of the insurers for the Debtor's defense of the Woodall trial – an issue which will be presented and adjudicated at a later date and likely in a different forum – at least in the Woodall case the insurer provide *some* cost of defense. But here, the Pfau Cochran state court counsel representing one of the plaintiffs takes the position that the stay may be lifted for a case for which there is absolutely **no** insurer obligated to pay defense costs. The Debtor believes that is contrary to this Court's basis for entering the lift stay order and so seeks this clarification.

A core element of the Committee's argument to this Court in obtaining the Lift Stay Order was that lifting the stay for six cases would have minimal impact on the estate because Insurers would provide a defense. Now, because of the objection of the Pfau Cochran state court counsel, the Debtor is faced with selection of a case for trial where the primary Insurer is insolvent, and the excess insurer has refused to drop down to cover defense costs – which are estimated to cost well in excess of one million dollars. That means there is no insurer to pay any of the Debtor's costs of defending that case. This is expressly contrary to the Committee's stated intent in seeking a lifting of the stay.

The Committee's motion to lift the stay to allow test cases to move forward, and the Court's ruling on that motion, were based on two rounds of motions, briefing, and argument. When the Committee brought its renewed motion in June 2025, that motion and the Court's consideration of it expressly incorporated the briefing and arguments in connection with the original motion filed in November 2024

and argued in January 2025. The Committee argued repeatedly, in briefing and in oral argument, that the Debtor and estate would be protected from financial harm because Insurers would be paying the cost of defense. The Committee's position was incorporated and reinforced before this Court by Rick Simons as liaison counsel for the Plaintiffs in the JCCP proceedings.

To be clear, ***the Committee*** has not taken a position in the state court before Judge Chatterjee about this issue; rather, it is the Pfau Cochran law firm representing a state court plaintiff which has caused this issue to be presented for clarification. In light of the dispute regarding the intent and expectations surrounding this Court's order, at the last case management conference in the JCCP Judge Chatterjee specifically suggested that the parties seek relief or clarification from this Court. The Debtor therefore files this motion.

II.

JURISDICTION

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

The legal bases for the relief requested herein are sections 105 and 362 of the Bankruptcy Code.

III.

BACKGROUND FACTS

A. General Background

On May 8, 2023 (the "Petition Date"), the Debtor filed a voluntary petition for chapter 11 bankruptcy relief under the Bankruptcy Code. The Debtor continues to operate its ministry and manage its properties as a debtor in possession under sections 1107(a) and 1108 of the Bankruptcy Code. No trustee has been appointed in this Chapter 11 Case.

On May 23, 2023, the Office of the United States Trustee for Region 17 appointed the Official Committee of Unsecured Creditors (the "Committee") in this Chapter 11 Case.

Following a June 2026 contested evidentiary hearing, the Court is currently considering its decision on whether or not to confirm the Debtor's Modified Fourth Amended Plan of Reorganization. [Docket No. 2758].

B. State Court Developments and the Need For This Motion

As the Court is aware, the first lift stay case selected was the *Woodall* State Court Action, which proceeded to trial in April 2026. While Judge Chatterjee had previously approved a slate of six State Court Actions to proceed under the Lift Stay Order, he determined to revisit that selection following the *Woodall* trial and verdict, and vacated the prior selections of the five remaining cases.

The total costs for defense of the *Woodall* State Court Action, from entry of the Lift Stay Order through trial, exceeded $3 million. *See* Bardos Decl., ¶ 2. Travelers, as the insurer with primary coverage obligations for the claims asserted by Mr. Woodall, agreed to reimburse defense costs for the *Woodall* action, subject to a reservation of rights. *See* Bardos Decl., ¶ 3. While there is an ongoing dispute between RCBO and Travelers regarding the appropriate hourly rates to be reimbursed, Travelers has in fact reimbursed more than $800,000 based on the hourly rates it has agreed to reimburse. *See* Bardos Decl., ¶ 4.

On May 27, 2026, Judge Chatterjee ordered Plaintiffs and RCBO to submit a total of ten proposed cases for selection as bellwether trials and specified the criteria the court would use to select the next five bellwether trials. (Moses Decl., Ex. A, May 27, 2026, JCCP Tr. at 33:25-35:4.) On June 11, 2026, Plaintiffs and RCBO each filed their respective five proposed cases. One of the cases proposed by Plaintiffs was *Sherry Waterworth v. The Roman Catholic Bishop of Oakland*, Case No. 22CV022633.[1]

Following a case management conference on June 24, 2026, Judge Chatterjee issued an order selecting the *Waterworth* action as a bellwether case and setting it for trial beginning on December 7, 2026. (Moses Decl., Ex. B, July 1, 2026 JCCP Order, at 1.[2]) Judge Chatterjee's order included the following disclaimer regarding the selection of the *Waterworth* action based on concerns expressed by

[1] Because Ms. Waterworth is a Committee member, her identity as plaintiff is no longer confidential.

[2] Judge Chatterjee selected four additional cases for trial which are not at issue in this Motion and set trial dates in November 2026, January 2027, February 2027, and March 2027 for those four cases. (*Id*. at 1-2.)

counsel for RCBO and counsel for certain Insurers that the selection of the *Waterworth* action would not be estate neutral because no insurer had agreed to defend RCBO:

> During the June 24, 2026 case management conference, the parties and counsel for certain Insurers of RCBO discussed whether the *Sherry Waterworth* case is "estate neutral" such that it complies with the Bankruptcy Court's lift stay order. The parties and intervenors are ordered to further meet and confer regarding this issue. In the event that the *Sherry Waterworth* case is not "estate neutral," the Court selects *E.M. v. The Roman Catholic Bishop of Oakland*, Case No. 22CV018558, as an alternate. Discovery and further proceedings in the *E.M.* case remains stayed unless and until there is a further Order of the Court substituting the *Sherry Waterworth* case with the *E.M.* case.

(*Id.*)

RCBO's primary insurance carrier for the period of time in which the alleged abuse occurred in the *Waterworth* action, Commercial Union, is insolvent. On July 1, 2026, counsel for RCBO wrote to Westport Insurance Corporation, RCBO's excess insurer, and demanded that Westport acknowledge its obligation to drop down and provide first-dollar insurance coverage to RCBO and reimburse RCBO's defense costs under its excess insurance policy. (Moses Decl., Ex. C, July 1, 2026 Correspondence from E. Ridley to B. Curet.) On July 13, 2026, Westport responded "declin[ing] RCBO's request that it acknowledge the alleged drop-down obligations asserted in your July 1, 2026 correspondence." (Moses Decl., Ex. D, July 13, 2026 Correspondence from B. Curet to E. Ridley.)

Accordingly, consistent with Judge Chatterjee's July 1, 2026 Order, counsel for RCBO requested Plaintiffs' agreement to substitute the *Waterworth* action for the *E.M.* action as the December 7, 2026 bellwether trial. (Moses Decl., Ex. E, July 14, 2026 A. Ouellette email to R. Simons.) Notwithstanding the July 1, 2026 Order, counsel for Plaintiff in the *Waterworth* case objected to the proposed substitution on the grounds that, *inter alia*, this Court's Lift Stay Order does not contain an express "estate neutral" requirement. (Moses Decl., Ex. F, Plaintiff's July 17, 2026 Letter Brief.)

On July 21, 2026, counsel for RCBO and Plaintiff in the *Waterworth* action discussed Plaintiff's objection to RCBO's proposed substitution with the Superior Court at a JCCP 5108 case management conference. After hearing argument, Judge Chatterjee made the following ruling and suggested to the parties that they raise the issue with this Court for a resolution:

> Okay. So given the state of play, I think we're going to maintain the status quo. The order is what it is. And whether we replace this case with another

> case, I think will depend on what the parties do. I think counsel should meet and confer and figure out what's the best way to go. **If it's really going to be a situation where whatever order I issue then goes to Judge Lafferty, who's saying, "Well, you know, Judge Chatterjee got it wrong," either party can do that. And I wouldn't, I wouldn't blame either party for doing it. You have an absolute right to do that. But that means why don't you just go to Judge Lafferty in the first place? So, and get a clear direction as to whether this complies with what he intended.**
>
> Okay. Why don't you just meet and confer on that. And let me know next month what you're going to do.

(Moses Decl., Ex. G, July 21, 2026 JCCP Tr. at 37:22-38:17 (emphasis added).) Following the case management conference, on July 21, 2026, Judge Chatterjee also issued a Case Management Conference Order, which provided as follows:

> The Court previously selected *Sherry Waterworth v. The Roman Catholic Bishop of Oakland*, Case No. 22CV022633 for trial on December 7, 2026. (Order of 7/1/26.) RCBO has asked the Court to replace that case with *E.M. v. The Roman Catholic Bishop of Oakland*, Case No. 22CV018558. RCBO asserts that the *Waterworth* case is not "estate neutral" and therefore not consistent with the Bankruptcy Court's lift stay order of 7/26/25. The Court issues no orders. The Court directs the parties to meet and confer on this issue, including whether a motion is necessary, and if so, whether the motion should be brought before this Court or the Bankruptcy Court, and whether the trial date in *Waterworth* should be adjusted. The parties should report in the next CMC statement.

(Moses Decl., Ex. H, July 21, 2021 JCCP Order on Case Management Conference on 7.21.26 at 3.)

Thereafter, RCBO informed counsel for Plaintiff in the *Waterworth* action that it would seek relief in this Court. While RCBO has met and conferred with Plaintiff's counsel as directed by Judge Chatterjee, the parties have not reached a resolution. RCBO therefore files this Motion, as specifically invited by Judge Chatterjee.

C. The Committee's Lift Stay Motions

Estate neutrality was a fundamental premise of the Lift Stay Motions described in greater detail, below. Indeed, they were based on the premise that "[t]he presence of the Debtor's insurance weighs strongly in favor of granting relief from the stay." (First Lift Stay Motion, at p. 25.) This was specifically based on the assumption that the Insurers would pay costs of defense. (*Id.*, at pp. 25-29.) As the Committee put it, "there is little risk that the Insurers will refuse to defend the Debtor and thus cause the estate to

deplete its assets." (*Id.*, at p. 26). This was because, "in almost all the diocesan bankruptcies, the insurers have been more than eager to say they will defend." (*Id.*)

1. The First Lift Stay Motion

On November 20, 2024, the Committee filed its *Motion of the Official Committee of Unsecured Creditors to Lift the Automatic Stay to Permit Certain Plaintiffs' Personal Injury Claims to Proceed in State Court* [Docket No. 1460] (the "First Lift Stay Motion"), seeking an order modifying the automatic stay to permit up to six of the pending state court actions asserting claims against the Debtor related to childhood sexual abuse ("State Court Actions") to proceed in litigation in the Superior Court through trial.

On December 30, 2024, the Debtor filed its *Debtor's Brief in Opposition to the Motion of the Official Committee of Unsecured Creditors to Lift the Automatic Stay to Permit Certain Plaintiffs' Personal Injury Claims to Proceed in State Court* [Docket No. 1581] (the "First Lift Stay Opposition") in opposition to the First Lift Stay Motion. Certain Insurers also filed oppositions [Docket Nos. 1583,1585, 1589, 1591], and the Committee filed an omnibus reply [Docket No. 1603].

Following hearings on the First Lift Stay Motion on January 8, 2025, January 16, 2025, and January 21, 2025, the Court denied the request for relief from stay to allow six State Court Actions to proceed to trial. The Court granted other relief clarifying that the stay does not apply to non-debtor co-defendants. The Court entered its order on the First Lift Stay Motion on February 11, 2025 [Docket No. 1721].

2. The Renewed Lift Stay Motion

On June 25, 2025, the Committee filed its *Renewed Motion of the Official Committee of Unsecured Creditors to Lift the Automatic Stay to Permit Certain Plaintiffs' Personal Injury Claims to Proceed in State Court* [Docket No. 2093] (the "Renewed Lift Stay Motion" and together with the First Lift Stay Motion, the "Lift Stay Motions"). The Renewed Lift Stay Motion sought substantially the same relief as the First Lift Stay Motion: an order modifying the automatic stay to permit six State Court Actions to proceed to trial.

The Renewed Lift Stay Motion expressly incorporated the First Lift Stay Motion, and relied on the authorities cited in the First Lift Stay Motion as the basis for the relief requested in the Renewed Lift

Stay Motion.[3] Specifically, the Renewed Lift Stay Motion stated that: "The First Lift Stay Motion is hereby incorporated by reference as if fully set forth herein. The authorities cited therein serve as the legal basis for this Motion. All capitalized terms not defined in this Motion are defined in the First Lift Stay Motion." *See* Renewed Lift Stay Motion, p. 3, n. 2.

Once again, the Debtor opposed the Renewed Lift Stay Motion, filing its *Debtor's Opposition to the Renewed Motion of the Official Committee of Unsecured Creditors to Lift the Automatic Stay to Permit Certain Plaintiffs' Personal Injury Claims to Proceed in State Court* [Docket No. 2112] (the "Renewed Lift Stay Opposition") on July 9, 2025. Likewise, certain Insurers again filed an opposition [Docket No. 2115], and the Committee filed an omnibus reply [Docket No. 2129].

In parallel to the Committee's incorporation of the First Lift Stay Motion into its renewed request, the Debtor fully incorporated by reference its First Lift Stay Opposition into its Renewed Lift Stay Opposition. *See* Renewed Lift Stay Opposition, p. 3, n. 2 ("The First Lift Stay Opposition is attached as Exhibit 1 to the Moore Decl., and is hereby incorporated by reference as if fully set forth herein. The authorities cited therein serve as the legal basis for this Opposition.").

Following a hearing on the Renewed Lift Stay Motion on July 16, 2025, the Court granted the requested relief from stay to allow six State Court Actions to proceed to trial. The Court entered the Lift Stay Order on July 25, 2025. The Lift Stay Order expressly provides the Court "shall retain exclusive jurisdiction over any matters arising from or related to the implementation, interpretation or enforcement of this Order." *See* Lift Stay Order, ¶ 6.

IV.

RELIEF REQUESTED

By this Motion, the Debtor requests this Court enter an order, substantially in the form of the Proposed Order, clarifying that in lifting the automatic stay to permit six State Court Actions to proceed to trial, the expectation was that such cases would have insurance coverage for defense costs. In the

[3] The First Lift Stay Motion was attached in its entirety as an exhibit to the Declaration of Gabrielle Albert in support of the Renewed Lift Stay Motion.

alternative, the Debtor requests that the Court enter an order modifying the Lift Stay Order to provide that the automatic stay is lifted solely as to six State Court Actions with insurance coverage for defense costs.

V.

BASIS FOR RELIEF

A. It Was Always Contemplated That Defense of the Lift Stay Cases Would be Covered by Insurance

The parties to the Lift Stay Motions never contemplated that the six State Court Actions selected might expose the estate to paying defense costs without insurance coverage. That the State Court Actions selected would be "estate neutral" in the sense that at a minimum there would be an Insurer reimbursing at least some portion of defense costs to the estate was the clear intent and expectation when the Lift Stay Order was entered.

The arguments raised by counsel for Plaintiff in the *Waterworth* action regarding estate neutrality miss the point. First, Plaintiff's counsel (the Pfau Cochran law fm) has a clear vested interest in this issue that is at odds with the interests of the Debtor's estate. In addition, Plaintiff mistakenly focuses only on the record of the Renewed Lift Stay Motion, ignoring much of the record and arguments that were set forth previously and incorporated into the Renewed Lift Stay Motion.

As set forth above, both the Committee and the Debtor incorporated the briefing on the First Lift Stay Motion into their briefing on the Renewed Lift Stay Motion. The arguments and authority in support of the First Lift Stay Motion were expressly incorporated in support of and opposition to the Renewed Lift Stay Motion.

The Committee articulated the expectation that selection of the State Court Actions should explicitly include insurance coverage for defense costs: "To help reach a global settlement, the State Court will likely oversee the selection of State Court Actions which allege abuse during time periods covered by the Insurers. **Therefore, certain Insurers will have an obligation to pay the defense costs**…." (*Id.* at p. 27 (emphasis added).) In addressing the core question of the balance of harms, the Committee went on to say that "If the requested relief is granted, **there will be little to no financial impact on the Debtor since it has insurance to cover its defense costs**." (*Id.* at p. 30 (emphasis added).)

The possibility of the present situation was a significant concern of the Debtor in opposing the Lift Stay Motions. The Debtor noted that the Committee's confidence that there was "little risk" of an Insurer refusing to defend was unsupported, particularly where Insurers "…have refused to acknowledge a duty to defend or indemnify, claiming the underlying coverage layers are not exhausted or denying the existence of the insurance policy under which the Debtor seeks coverage." (First Lift Stay Opposition, at p. 25.) The Debtor went on to raise as a result, "the Debtor may find itself once again embroiled in disputes over coverage and defense obligations with its Insurers." (*Id.*) Exactly what has now come to pass with the *Waterworth* State Court Action.

In response to the Debtor's concerns raised on opposition, the Committee once again assured the Debtor and this Court that the State Court Actions selected would be estate neutral. This was reiterated multiple times in argument before this Court:

- Mr. Wiesenberg: "In fact, one of the points we argue in our motion is that – or at least as you know, one of the prongs of the lift stay test … is, what is the impact on the estate. ***And we submit that the impact on the estate will be de minimis. Why? Because the insurers will have to step up to defend.***" (Moses Decl., Ex. I, Jan. 8, 2025, at 32:9-16) (emphasis added.)
- Again, distinguishing the New Orleans Diocese, where the court had serious concerns about the administrative expense of lifting the stay, Mr. Weisenberg argued that: "it's the very real possibility that the Diocese will suffer little, if any, in extra administrative burden ***because it's the insurers who have to defend***. And that makes this case a lot different than New Orleans." (*Id.* at 56:21-25) (emphasis added.)
- Following the counsel for the Insurers noting that Insurers were defending in the *Woodall* case, Mr. Weisenberg again reiterated the lack of economic harm to the estate: "Mr. Plevin also made the point that the insurers are defending. ***That proves the very point we made that there's no economic harm to the debtor***, which was what the New Orleans case was hyper concerned with, which was the administrative burn on the debtors' estate." (*Id.* at 111:12-16.)

Most importantly given the present circumstances, **the expectation that the Debtor's estate would not bear the costs of defense was adopted by plaintiffs' coordination liaison counsel in the JCCP cases, Rick Simons**. The Court specifically asked Mr. Simons about the Debtor's participation in trials, and the impact on the Debtor:

> THE COURT: I'll ask your opinion of this and I'm going to want to ask the debtors, too. Were I to grant relief from stay, what's the debtor's participation in the trials? Can you describe that for me?
>
> MR. SIMONS: The – ***assuming that there's coverage paying costs of defense*** –
>
> THE COURT: Yeah.
>
> MR. SIMONS: – ***there would not be a financial implication to the debtor***. However, who represents the debtor has been for the 25 years that I've been doing these cases with the Diocese of Oakland, the Foley firm. And I would assume that they would continue to be defense counsel, both because of their experience and knowledge in the field and with this defendant specifically.

(*Id.* at 34:3-16 (emphasis added).)

When this Court denied the First Lift Stay Motion, it did so without prejudice, noting that initially "I was leaning very much toward granting that," and "it's very much without prejudice because things may change, and it may be that it's something that will be very helpful in the future." (Moses Decl., Ex. J, Jan. 21, 2025, at 22:22-24.)

Importantly, when the Committee pursued the Renewed Lift Stay Motion, **it relied heavily on and fully incorporated the prior motion**. *See* Renewed Lift Stay Motion, p. 3, n. 2. As did the Debtor in opposition.

At the argument on the Renewed Lift Stay Motion, the focus was on the changes in circumstances since the First Lift Stay Motion, as acknowledged by the Court and counsel. (Moses Decl., Ex. K, July 16, 2026, at p. 41:19-21 (The Court: "Well, I found the hearings a few months ago very interesting, and I appreciated much of the presentation."); p. 42:16-25 (The Court: "I only asked the functional question, if we can't get these things – if they're not scheduled to go to trial at any time in the immediate future, sort of, what good is it going to do? And what you might want to – what I think I got from the pleadings is a different version of what good it's going to do, even as we're in the shadow of a confirmation hearing. So that's where I think you're going to probably most speak to my concerns on what I'm trying to figure out

here."); p. 53:11-13 (Mr. Moses: "…When we were here before, both parties, I think, thoroughly briefed the specific legal issues, the Curtis factors.").)

The record described above is clear: The expectation of all parties, including JCCP Plaintiffs' liaison counsel, was that the financial impact on the Debtor and the estate would be minimized, because the State Court Actions moving forward would have insurance coverage for defense costs. That is simply not the case with the *Waterworth* State Court Action. In order to preserve the intent of all parties and the Court in connection with the Lift Stay Order, this Court must clarify the Lift Stay Order to make express that expectation. Otherwise, the state court test case process will have a detrimental effect on the estate that was never intended, and that indeed the Committee assured this Court and the Debtor would not happen.

B. <u>This Court Has Jurisdiction to Grant Relief</u>

There is no question this Court has jurisdiction to grant the relief requested. When it entered the Lift Stay Order, the Court expressly retained "exclusive jurisdiction over any matters arising from or related to the implementation, interpretation or enforcement of this Order." Lift Stay Order, ¶ 6. Beyond that, the Bankruptcy Court's power to oversee a case includes jurisdiction over the automatic stay, and the power to modify, lift, or impose the stay throughout the life of the case. Inherent in that power is the authority to clarify or if necessary modify prior orders modifying the stay, as the circumstances of the case dictate.

C. <u>If Relief is not Granted, the Detriment to the Estate Will be Substantial</u>

Even if all of the State Court Actions proceeding under the Lift Stay Order have defense costs reimbursed by an Insurer, the burden on the Debtor and the estate of five cases going to trial in a period of five months will be substantial. This impact will be greatly compounded if there is no Insurer providing a defense or reimbursing defense costs for one of those trials. Without relief from this Court, the estate will bear defense costs without any ability to obtain reimbursement of any of the costs in the near term.[4]

[4] The Debtor reserves all rights regarding insurance coverage, including regarding the obligation of various Insurers to provide a defense in the *Waterworth* State Court Action. Given the refusal of Westport to drop down, however, any determination of those rights will likely remain pending a resolution in the Insurance Coverage Litigation or another court with jurisdiction over coverage disputes.

VI.

NOTICE

Notice of this Motion is being provided to the Core Service List pursuant to the Court's *Final Order Authorizing and Approving Special Noticing and Confidentiality Procedures* [Docket No. 292] (the "Noticing Order").

VII.

CONCLUSION

WHEREFORE, the Debtor requests that the Court enter an order, substantially in the form of the Proposed Order, clarifying the Lift Stay Order.

DATED: August 26, 2026

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EXHIBIT A

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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 WJL

Chapter 11

[PROPOSED] ORDER CLARIFYING LIFT STAY ORDER [DOCKET NO. 2168]

Judge: Hon. William J. Lafferty

Date: September 23, 2026
Time: 10:30 a.m.
Place: United States Bankruptcy Court
1300 Clay Street
Courtroom 220
Oakland, CA 94612

Upon the *Debtor's Motion to Clarify Lift Stay Order [Docket No. 2168]*, dated August 16, 2026 [Docket No. ____] (the "Motion"),[1] filed by the Roman Catholic Bishop of Oakland, a California corporation sole, and the debtor and debtor in possession (the "Debtor") in the above-captioned chapter 11 bankruptcy case (the "Chapter 11 Case"), for entry of an order clarifying this Court's previous *Order Granting Renewed Motion of The Official Committee of Unsecured Creditors to Lift the Automatic Stay to Permit Certain Plaintiffs' Personal Injury Claims to Proceed in State Court* [Docket No. 2168] (the "Lift Stay Order"); the Court having reviewed and considered the Motion, the declaration in support thereof, all other filings in support of or opposition to the Motion, and the arguments made at the hearing on the Motion; the Court finding it has jurisdiction over this matter, venue in this Court is proper, and notice of the Motion and the hearing thereon was reasonable and sufficient under the circumstances; and the Court finding the relief requested in the Motion is in the best interests of the Debtor, its creditors, and other parties in interest; and after due deliberation and good cause appearing therefor,

IT IS HEREBY ORDERED:

1. The Motion is granted as set forth herein.

2. The termination of the automatic stay to allow six State Court Actions to proceed, as directed by the State Court, is hereby clarified to provide that termination shall be only as to six State Court Actions for which an Insurer has affirmatively agreed to reimburse defense costs to the Debtor, provided such agreement to reimburse may be subject to a reservation of rights.

3. Subject to the clarification provided herein, the Lift Stay Order shall remain in full force and effect, subject to further order of this Court.

4. Notwithstanding Bankruptcy Rule 4001(a)(4), or any other Bankruptcy Rule, this Order shall be immediately effective and enforceable upon its entry.

5. This Court shall retain exclusive jurisdiction over any matters arising from or related to the implementation, interpretation or enforcement of this Order.

*** END OF ORDER ***

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

COURT SERVICE LIST

All ECF Recipients.