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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 STATUS CONFERENCE
STATEMENT
FOR BANKRUPTCY CASE**

Judge: Hon. William J. Lafferty

Status Conference:

Date: February 7, 2024

Time: 10:30 a.m.

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

1 **TO THE HONORABLE WILLIAM J. LAFFERTY, UNITED STATES BANKRUPTCY JUDGE**
2 **AND ALL INTERESTED PARTIES AND/OR THEIR COUNSEL OF RECORD:**

3 The Roman Catholic Bishop of Oakland, a California corporation sole, and the debtor and debtor
4 in possession (the “Debtor” or “RCBO”) in the above-captioned chapter 11 bankruptcy case (the “Chapter
5 11 Case” or the “Bankruptcy Case”), hereby submits its status conference statement for the February 7,
6 2024, status conference in the Bankruptcy Case (the “Status Conference”).

7 The Debtor’s objective in this Chapter 11 Case is to achieve confirmation of a plan of
8 reorganization that will (a) ensure a fair and equitable outcome for victim-survivors of sexual abuse, and
9 (b) allow the Debtor to stabilize its finances, continue its mission to serve the needs of the faithful within
10 the Diocese of Oakland, and continue to provide services to underserved people and groups in the East
11 Bay. As set forth below, the Debtor continues to progress toward this goal by setting the groundwork
12 necessary to achieving a confirmed plan of reorganization, and in particular by initiating a mediation
13 process with both the Official Committee of Unsecured Creditors (the “Committee”) and the Debtor’s
14 historical and current insurers (the “Insurers”).

15 This status conference statement is intended to provide an update to the Court, creditors, and other
16 parties-in-interest regarding ongoing progress and primarily addresses events since the Debtor’s prior
17 *Status Conference Statement for Bankruptcy Case* filed in advance of the January 9, 2024, status
18 conference [Docket No. 760]. More information regarding the background of the case and prior
19 developments can be found in the Debtor’s previous status conference statements [Docket Nos. 192, 320,
20 458, 520, and 760].

21 **A. Mediation**

22 On December 19, 2023, the Debtor and the Official Committee of Unsecured Creditors (the
23 “Committee”) jointly filed the *Joint Motion for Entry of an Order Referring Parties to Mediation,*
24 *Appointing Mediators and Granting Related Relief* [Docket No. 705] (the “Mediation Motion”). On
25 January 22, 2024, the Court entered an order referring the parties to mediation, appointing the mediators
26 agreed by the parties, and identifying the matters for mediation, both as between the Debtor and the
27 Committee, and between the Debtor and its Insurers (the “Mediation Order”). The matters for mediation
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STATUS CONFERENCE STATEMENT FOR FEBRUARY 7, 2024

1 and the specifics of the mediation process are more fully set forth in the Mediation Order. The mediation
2 process between the Debtor and Committee, and between the Debtor and the Insurers, is a critical step
3 toward the Debtor's goal of reaching a consensual plan of reorganization with its creditors.

4 The Committee and the Debtor have each met individually with mediators Judge Sontchi and Jeff
5 Krivis, and anticipate additional meetings during February. The Debtor intends to reach out to mediators
6 Judge Newsome and Tim Gallagher in respect of the mediation related to the Insurance Adversary
7 Proceeding.

8 **B. The Adversary Proceedings**

9 On December 18, 2023, the Debtor filed its second amended complaint in the Insurance Adversary
10 Proceeding [AP Docket No. 161]. On January 12, 2024, the Debtor filed its third amended complaint in
11 the Insurance Adversary Proceeding [AP Docket No. 163].

12 In response to the third amended complaint, the defendant Insurers variously filed two motions to
13 dismiss [AP Docket Nos. 173, 175], a motion to dismiss and/or for more definite statement [AP Docket
14 No. 171], and two answers [AP Docket Nos. 164, 165]. Although the third amended complaint fully
15 addressed the issues identified by the Court in its ruling on the prior motions to dismiss, several of the
16 Insurers continue to needlessly delay progress in the case by filing further motions to dismiss.

17 The Debtor also filed a first amended complaint in the Additional Insurance Adversary Proceeding
18 on December 19, 2023 [AP Docket No. 13]. The Debtor dismissed defendant Lexington Insurance Co.
19 without prejudice, and on January 26, 2024, the remaining defendant in the Additional Insurance
20 Adversary Proceeding filed a motion to dismiss the first amended complaint.

21 The Debtor recently received from various Insurers nearly 100 responses to its tender(s) of
22 claim(s). The Debtor is in the process of processing responses from Insurers recently received and is in
23 the process of tendering claims and new information based on the proofs of claim filed in the Chapter 11
24 case, which tenders will be completed by the Defendant's insurance broker, Arthur J. Gallagher.

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1 **C. Ongoing Discovery Requested by the Committee**

2 As set forth in more detail in the Debtor’s prior status conference statements, the Debtor has
3 cooperated with the Committee in response to its requests for documents and information, producing
4 thousands of documents under the stipulated protective order executed between the Committee and the
5 Debtor and entered by this Court and [Docket Nos. 288 and 331]. The Debtor continues to respond to
6 information requests and produce documents as requested by the Committee’s counsel and financial
7 advisors.

8 **D. Discovery Matters**

9 On October 5, 2023, the Committee filed a motion seeking authorization to issue subpoenas to
10 certain of the Debtor’s Insurers for documents related to policies, coverage, and related information, as
11 more fully set forth in the motion. [Docket No. 502] (the “Committee 2004 Motion”).¹ The Committee
12 2004 Motion came for hearing on October 18, 2023, and for a continued hearing on November 14, 2023.
13 At the continued hearing, the Committee 2004 Motion was granted in part and denied in part. On
14 December 11, 2023, the Committee filed a certification of counsel seeking entry of a proposed form of
15 order [Docket No. 678], and on December 12, 2023, certain Insurers filed a response to the Committee’s
16 certification [Docket No. 686]. On December 15, 2023, certain Insurers filed a motion seeking to clarify
17 or in the alternative amend, alter, or reconsider the Court’s ruling on the Committee 2004 Motion [Docket
18 No. 698] (the “Motion to Clarify”), which is set for hearing on February 7, 2024.

19 On January 30, 2024, the Court entered a Confidentiality and Protective Order [Docket No. 832]
20 (the “Protective Order”). The Debtor is in the process of producing documents pursuant to that Protective
21 Order.

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26 ¹ The Committee concurrently filed a motion seeking authorization to issue subpoenas to certain of the
27 Debtor’s financial institutions for information regarding accounts and loans [Docket No. 503]. The
28 Debtor filed a limited response, which did not oppose the motion but requested that the Debtor be
provided copies of all documents produced [Docket No. 533]. On November 2, 2023, the Court entered
its order granting the motion [Docket No. 574].

1 **E. Professional Fee Applications**

2 As set forth in the prior Status Conference Statement, first interim fee applications for the majority
3 of estate professionals (the “Interim Fee Applications”) were filed on September 19, 2023, for the period
4 from the petition date through August 31, 2023, pursuant to the Court’s order approving procedures for
5 compensation [Docket No. 170] (the “Compensation Procedures Order”). After its review and comment,
6 and subject to voluntary reductions negotiated between the professionals and the US Trustee, the Court
7 entered orders granting the Interim Fee Applications on October 25 and November 22, 2023 [Docket Nos.
8 559 and 626] (the “Fee Application Orders”), subject to the voluntary reductions agreed to with the US
9 Trustee. The Debtor has paid all amounts due under the Fee Application Orders. The Debtor has also
10 remained current on payment of professionals for amounts due on monthly fee statements pursuant to the
11 Compensation Procedures Order.

12 Under the Compensation Procedures Order, second interim fee applications for the period from
13 September 1, 2023, through December 31, 2023, are set to be filed on or before February 14, 2024.

14 On December 27, 2023, the US Trustee filed a motion seeking appointment of a fee examiner
15 [Docket No. 729] (the “Fee Examiner Motion”). While the Debtor would prefer to not have a fee examiner
16 appointed in this case, in an effort to settle the matter with the UST, the Debtor and the Committee were
17 able to reach agreement with the US Trustee on the terms of the proposed order on the Fee Examiner
18 Motion, and on January 26, 2024, the US Trustee filed a Certification of No Opposition reflecting the
19 agreed form of order, and the absence of any other objections. The Fee Examiner Motion is set for hearing
20 on February 7, 2024, concurrently with the Status Conference.²

21 **F. Continuing Claims Analysis**

22 The Court entered the *Order Establishing Deadlines for Filing Proofs of Claim and Approving the*
23 *Form and Manner of Notice Thereof* (the “Bar Date Order”) approving the Bar Date Motion on July 25,
24 2023 [Docket No. 293], establishing September 11, 2023, as the bar date for non-governmental claims
25 (the “Bar Date”). Since the Bar Date, the Debtor and its professionals have worked to analyze the filed
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27 ² The Fee Examiner Motion was originally noticed for hearing on January 31, but the hearing was
28 continued to February 7 to coincide with other hearings.

1 claims. A total of 560 proofs of claim were filed, including a small number that were filed with the Court,
2 rather than with KCC. Of these, 404 are sexual abuse claims. The Debtor has identified a small number
3 of duplicate claims, and based on the Debtor's initial review, it appears that there are approximately 394
4 non-duplicate sexual abuse claims.

5 Following the initial analysis described in the Debtor's status conference statement for October
6 18, 2023, the Debtor has continued to engage in a more detailed review and analysis of the filed proofs of
7 claim with the assistance of its counsel and Alvarez & Marsal. The Debtor continues its review of these
8 proofs of claim in preparation for mediation.

9 **G. Review and Analysis of Assets and Potential Sources of Plan Funding**

10 In preparation for mediation and ultimately proposing a plan of reorganization, the Debtor
11 continues to review and analyze assets and potential sources of plan funding.

12 Following review of certain corporate documents and agreements, the Debtor amended Schedules
13 A/B and its Statement of Financial Affairs to disclose RCBO's interest in CTN. As mentioned above, the
14 Debtor's advisors are working with the Committee's advisors in response to the Committee's diligence
15 inquiries related to RCBO's interest in CTN. The Debtor has provided notice to counsel for CTN
16 regarding Federal Rule of Bankruptcy Procedure 2015.3 disclosures, as required by Rule 2015.3(e).
17 Counsel for CTN has objected to this public disclosure, and the Debtor's advisors are trying to resolve
18 this issue and make the disclosure.

19 **H. Other Developments in the Case Since January 9, 2024**

20 On January 10, 2024, the Debtor filed a motion to extend the deadline for removal to the District
21 Court of pending state court actions pursuant to 28 U.S.C. § 1452(a) and Federal Rule of Bankruptcy
22 Procedure 9027 [Docket No. 770] (the "Second Removal Extension Motion"). There was no opposition
23 to the Second Removal Extension Motion, and on January 29, 2024, the Debtor filed a Certificate of No
24 Objection. On February 2, 2024, the Court entered an order granting the Second Removal Extension
25 Motion, and extending the removal deadline to August 5, 2024 [Docket No. 840]. The enlargement of
26 time requested through the Second Removal Extension Motion was simply to afford the Debtor a
27 reasonable amount of time to determine whether to remove any pending actions and ensure that the Debtor
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1 does not forfeit valuable rights under 28 U.S.C. § 1452. To date, the Debtor has not determined whether
2 it will seek to remove any state court actions in due course.

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4 DATED: February 6, 2023

Respectfully submitted,

5 **FOLEY & LARDNER LLP**

6 Jeffrey R. Blease
7 Thomas F. Carlucci
8 Shane J. Moses
9 Ann Marie Uetz
10 Matthew D. Lee

11 /s/ Shane J. Moses

12 SHANE J. MOSES

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14 *Counsel for the Debtor*
15 *and Debtor in Possession*
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