

1 PAUL J. PASCUZZI, State Bar No. 148810
JASON E. RIOS, State Bar No. 190086
2 THOMAS R. PHINNEY, State Bar No. 159435
FELDERSTEIN FITZGERALD
3 WILLOUGHBY PASCUZZI & RIOS LLP
500 Capitol Mall, Suite 2250
4 Sacramento, CA 95814
Telephone: (916) 329-7400
5 Facsimile: (916) 329-7435
Email: ppascuzzi@ffwplaw.com
6 jrios@ffwplaw.com
tphinney@ffwplaw.com
7

8 ORI KATZ, State Bar No. 209561
ALAN H. MARTIN, State Bar No. 132301
9 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP
A Limited Liability Partnership
Including Professional Corporations
10 Four Embarcadero Center, 17th Floor
San Francisco, California 94111-4109
11 Telephone: (415) 434-9100
Facsimile: (415) 434-3947
12 Email: okatz@sheppardmullin.com
amartin@sheppardmullin.com
13

14 Proposed Attorneys for
The Roman Catholic Bishop of Sacramento

15 UNITED STATES BANKRUPTCY COURT
16 EASTERN DISTRICT OF CALIFORNIA
17 SACRAMENTO DIVISION
18

19 In re:

20 THE ROMAN CATHOLIC BISHOP OF
SACRAMENTO,

21
22 Debtor in Possession.

Case No. 24-21326

Chapter 11

DCN: FWP-1

Date: April 4, 2024

Time: 10:00 a.m.

Location: Courtroom 35 (Dept. C)

Judge: Hon. Christopher M. Klein

Hearing Requested on Shortened Time

27 **DECLARATION OF STEPHEN J. GREENE, JR., IN SUPPORT OF CHAPTER 11**
28 **PETITION AND FIRST DAY MOTIONS**

1 I, Stephen J. Greene, Jr., hereby declare under penalty of perjury as follows:

2 1. I am an attorney duly licensed to practice law in the State of California and a partner
3 at Greene & Roberts LLP ("Greene & Roberts"), proposed special corporate and litigation counsel
4 for The Roman Catholic Bishop of Sacramento, the debtor in possession herein (the "Debtor in
5 Possession" or "RCBS"). I have been an attorney licensed to practice in California since 1995. If
6 called as a witness, I would and could testify competently to the matters stated herein.

7 2. Greene & Roberts is counsel of record for the RCBS in the pending judicial council
8 coordinated proceeding number 5108 in Alameda Superior Court ("JCCP 5108"), where all
9 childhood sexual assault complaints against northern California diocesan entities are being jointly
10 administered before Judge Noel Wise, including complaints filed against the RCBS and its parishes
11 and other related entities. Greene & Roberts and prior iterations of the firm has acted as counsel
12 for the RCBS since approximately 2002 in litigation, as corporate counsel, and as general counsel
13 for many other day to day matters. I personally have represented the RCBS for more than 20 years
14 now and have served as defense counsel in every childhood sexual abuse claim asserted against the
15 RCBS over those two decades.

16 3. All facts set forth in this declaration are based on my personal knowledge, upon
17 information supplied to me by people who report to me, upon information supplied to me by the
18 RCBS, upon my review of relevant documents, or upon my opinion based on my 20 year experience
19 and knowledge with respect to the RCBS's operations and past and current litigation status. If I
20 were called upon to testify, I could and would testify competently to the facts set forth herein.

21 4. My involvement in representing the RCBS regarding claims of childhood sexual
22 assault began in 2004, after approximately three dozen plaintiffs filed lawsuits against the RCBS
23 as part of the first statute of limitations revival window in 2003. Those claims were litigated and
24 ultimately settled through global mediation negotiations in 2005 for an aggregate amount of \$35
25 million. In addition to the claims that were part of the global resolution in 2005, the RCBS also
26 settled more than two dozen other claims of childhood sexual abuse over the past 20 years, some
27 in the context of additional lawsuits and others as a result of pre-filing negotiated resolutions.
28 Overall, since 2000, the RCBS and its insurers have paid more than \$51 million in legal settlements

1 in an effort to fulfill the RCBS's responsibility for abuse of minors by diocesan clergy and lay
2 employees.

3 5. In 2019, the California Legislature enacted AB 218, the most recent legislative
4 revival of the statute of limitations, which established a three-year revival window from 2020 to
5 2022. As part of the window created by AB 218, and based on the most up-to-date information we
6 have been able to compile as of the date of this declaration, approximately 300 individuals filed
7 civil actions in which the RCBS is named as a defendant. Virtually all the pending claims have
8 been grouped together in a coordinated proceeding in Alameda County, and all but very limited
9 discovery in those matters has been stayed since the create of the proceeding in 2020.

10 6. Consistent with its policies and protocols, the RCBS and my firm have investigated
11 and taken action to try to determine the background of every allegation of abuse received directly
12 by the RCBS since approximately 2002. Regarding the currently pending civil claims, however,
13 there are significant challenges associated with obtaining sufficient information to determine the
14 credibility of the allegations because all general discovery in the pending cases has been stayed
15 since the creation of the JCCP 5108 proceeding in 2020. In the end, the RCBS has only been able
16 to rely on very limited standardized disclosures, in the form of "fact sheets" completed by the
17 plaintiffs as part of the JCCP 5108 coordinated proceeding. The fact sheets each contain general
18 descriptions of the nature, duration, and location of the alleged abuse, and although the vast
19 majority received by RCBS included verifications signed by the plaintiff under penalty of perjury,
20 many others were provided without the verification.

21 7. With very minimal exceptions, the AB 218 claims of alleged abuse are all historical
22 claims that arise from conduct that occurred decades ago. As a consequence, of the 100+ priests
23 named as perpetrators, more than 90% are deceased. And although the dates of alleged abuse range
24 from approximately 1950 up through 2020, only 11 claims allege abuse since the year 2000, and
25 three of those 11 claims involve perpetrators who were lay coaches at a diocesan high school.

26 8. The majority of AB 218 complaints filed against the RCBS in the JCCP 5108
27 proceeding have, in addition to the RCBS, named as co-defendants parishes and schools located in
28 the Diocese of Sacramento, as well as Roman Catholic religious orders. Under indemnity

1 provisions in the parish services agreements between RCBS and the parishes of the Diocese, Greene
2 & Roberts has defended the parish co-defendants against those pending claims.

3 9. It is RCBS's position that the automatic stay extends to stay all litigation against the
4 RCBS and the parish and school co-defendants. These co-defendants are for the most part covered
5 by the same insurance applicable to the RCBS, so any incurring of defense costs or payment of
6 settlements by the related entities with those mutual insurance assets also will impact the insurance
7 coverage available to settle claims filed against the RCBS. The representation of those co-
8 defendants in the abuse claims litigation may continue to be necessary post-filing of bankruptcy,
9 unless the plaintiffs' counsel will stipulate or the court orders, that the litigation against those co-
10 defendants also is stayed.

11 10. The RCBS participated in a three-day global mediation in November 2023, with the
12 goal of exploring the potential global settlement of the 250+ claims pending in the JCCP 5108
13 proceeding. That mediation was not successful in resulting in a global settlement. Among the
14 matters in the global mediation were the claims of three plaintiffs in cases that had been designated
15 by the JCCP 5108 judge as "bellwether trial" cases, which were set to proceed to trial in mid and
16 late 2024. My understanding is that absent a bankruptcy filing, the bellwether trial cases and
17 possibly additional pending cases involving claims against the RCBS would be set for trial by the
18 coordination judge in the JCCP 5108 proceeding.

19 11. As set forth in the foregoing paragraphs, RCBS does not have detailed information
20 from which to assess and determine a settlement value for all of the pending cases. Based on our
21 experience in defending these sorts of claims over the past two decades, however, the RCBS
22 expects the initial demands for those pending claims to be more than \$2 million per claim.
23 Moreover, in addition to enacting the three-year revival window, AB 218 also added a provision to
24 permit plaintiffs to seek treble damages if they can prove that the abuse was the result of a "cover
25 up," and so any potential exposure the diocese might face could also include both those "cover up"
26 treble damages and potential punitive damages pursuant to California Civil Code section 3294.
27 Based on these procedural realities, the RCBS's total exposure could exceed its available assets.
28 Thus, in my view, this volume of lawsuits puts the RCBS in immediate financial distress and in

1 need of a forum to resolve these claims while continuing to serve the faithful and those in need.

2 12. I understand the Bankruptcy Court provides a forum and the Bankruptcy Code
3 provides a mechanism whereby all the claims can be determined and paid on a fair and equitable
4 basis and ensures that all claimants with similarly situated claims are treated the same. In my view,
5 the RCBS requires the Bankruptcy Court's immediate protection and the protection of the
6 bankruptcy laws to make fair and equitable payment of the claims against it, including the survivors
7 of abuse, trade creditors, the parishes and others.

8 I declare under penalty of perjury that the foregoing is true and correct. Executed on March
9 22, 2024, at Sacramento, California.

10 

11 _____
Stephen J. Greene

12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28