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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
THE ROMAN CATHOLIC DIOCESE OF ROCKVILLE CENTRE, NEW YORK,[1]	:	Case No. 20-12345 (MG)
Debtor.	:	

DEBTOR'S OMNIBUS REPLY IN SUPPORT OF DEBTOR'S MOTION (A) FOR AN ORDER (I) APPROVING DISCLOSURE STATEMENT, (II) APPROVING FORM AND MANNER OF SERVICE OF DISCLOSURE STATEMENT NOTICE, (III) ESTABLISHING PROCEDURES FOR SOLICITATION AND TABULATION OF VOTES TO ACCEPT OR REJECT PLAN OF REORGANIZATION, (IV) APPROVING RELATED NOTICE PROCEDURES, AND (V) SCHEDULING HEARING ON CONFIRMATION OF PLAN OF REORGANIZATION, OR (B) IN THE ALTERNATIVE, DISMISSING THE DEBTOR'S CHAPTER 11 CASE

[1] The Debtor in this chapter 11 case is The Roman Catholic Diocese of Rockville Centre, New York, the last four digits of its federal tax identification number are 7437, and its mailing address is P.O. Box 9023, Rockville Centre, NY 11571-9023.

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The Roman Catholic Diocese of Rockville Centre, New York (the "Diocese" or the "Debtor"), hereby submits this omnibus reply (this "Reply") to the objections and joinders (collectively, the "Objections") filed by the parties listed on **Exhibit A**. In support of this Reply, the Debtor respectfully states as follows:

PRELIMINARY STATEMENT

1. This chapter 11 case has reached its final stage. Through their vote, claimants should have the power to choose to either accept this Plan or dismiss the bankruptcy case. On October 1, 2020, the Debtor commenced this chapter 11 case to achieve its restructuring objectives of providing equitable and timely compensation to sexual abuse claimants, while also ensuring that the Debtor's religious and charitable mission will continue. The approval of the Debtor's Disclosure Statement and Solicitation Procedures is a critical milestone towards providing compensation to creditors. Further delays will only reduce amounts available to pay claimants.

2. The Debtor filed the Plan on November 27, 2023, and it was modified on December 22, 2023. The Plan provides for $200 million to pay creditors. The Plan also contains a "dismissal toggle" feature, which provides that if there are not enough creditor votes with respect to both Class 4 (Arrowood Abuse Claims) and Class 5 (London and Ecclesia Claims) to accept the Plan under section 1126 of the Bankruptcy Code, the Bankruptcy Court should honor claimants' choice and dismiss this chapter 11 case. To be clear, for its part, the Diocese does not want this bankruptcy case to be dismissed. The Diocese believes that dismissal of this case is not in the interest of the Diocese, the parishes, parishioners, and all of the many others on Long Island impacted by the charitable and religious missions of the Debtor. The Diocese also strongly believes that dismissal of this case will be even worse for claimants, as it would fail to establish a centralized means of providing equitable compensation to claimants, lead to further delay and inconsistent outcomes in

the tort system, and devalue the Debtor's assets. Nonetheless, this case must end—one way or the other.

3. Through the Plan, the Diocese seeks to maximize equitable recoveries for abuse claimants through a centralized claims-evaluation process that will eliminate the risk of inconsistent outcomes in the tort system. It will provide finality for the Debtor, Parishes and other Covered Parties by channeling Abuse Claims to the Trusts. And it will maximize the value of the Debtor's insurance assets by vesting the Trusts with the exclusive right to pursue insurers. The Trusts will, as of the Effective Date, assume responsibility for processing, liquidating and paying Abuse Claims against the Covered Parties in accordance with the Trust Distribution Procedures.

4. The Debtor now seeks approval of its Disclosure Statement, which provides significant and adequate disclosure regarding the Plan. Indeed, the Debtor's proposed Disclosure Statement contains disclosures that far exceed disclosures made by debtors in the other diocesan cases. These disclosures include (i) all known real estate for parishes; (ii) financial data for the past five years for parishes and other released parties; as well as the number of lawsuits against each parish; (iii) a table listing claims and lawsuits, including the applicable insurers and eligibility for immediate minimum consideration payments; and (iv) an insurance coverage chart.

5. The Committee, the U.S. Trustee and certain of the Debtor's insurers have filed Objections. The Objections primarily fall into three categories: (i) objections as to the adequacy of the information contained in the Plan and Disclosure Statement; (ii) objections raising issues with respect to the confirmability of the Plan; and (iii) objections to procedural or solicitation matters. None of these Objections have merit.

6. The Disclosure Statement provides adequate information regarding the Plan and should be approved. Pursuant to section 1125 of the Bankruptcy Code, the issue is whether the

Disclosure Statement enables a "hypothetical investor typical of the holders of claims or interest in the case" to cast an informed vote on the Plan. 11 U.S.C. § 1125(a)(1). In this inquiry, the Court is not required to consider specialized issues that a particular creditor may wish to raise with respect to a plan of reorganization, nor must a debtor explain why its plan of reorganization is superior to other, hypothetical plans. *See id.*

7. The Disclosure Statement begins with an overview description of the Plan and Disclosure Statement that, in a straightforward manner, explains the key terms of the Plan. The Disclosure Statement also includes nearly ninety pages of charts, disclosing certain financial and real estate assets of Covered Parties under the Plan, as well as extensive claim-by-claim information for creditors to use in analyzing the Plan. Finally, the Disclosure Statement includes detailed financial projections and a liquidation analysis.

8. In response to certain objections that address the disclosure of information concerning the Plan, the Debtor has proposed further modified versions of the Plan and the Disclosure Statement, which incorporate responsive disclosures or supplemental provisions, as applicable.[2] Prior to the hearing, the Debtor will continue to work toward consensual resolution of remaining disclosure-related Objections. To this end, the Debtor invites parties to submit to Debtor's counsel prior to the hearing any additional disclosures that they propose to include in the Disclosure Statement, and the Debtor will work with its stakeholders on these.

9. Most of the remaining Objections raise confirmation issues that should not be considered at the Disclosure Statement stage. These Objections assert that the Plan is "patently unconfirmable," but that is a high standard that none of the Objections have met. These challenges

[2] As detailed in the Objection Response Chart attached as **Exhibit B**, the Debtor has addressed certain Objections that relate to the adequacy of disclosure by including additional language in the Disclosure Statement or the Plan, even where the Debtor believes that the requested disclosure extends beyond the scope of "adequate information". Any Objection not addressed in the body of this Reply is addressed in the Objection Response Chart.

to the merits of the Plan are properly addressed in the context of confirmation and not in the context of disclosure.

10. Accordingly, the Debtor respectfully requests that the Court overrule the Objections and enter the proposed order approving the Disclosure Statement and authorizing the Debtor to solicit votes to accept or reject the Plan.

ARGUMENT

I. The Insurers Do Not Have Standing to Object to the Disclosure Statement.

11. Insurers have standing to object only on issues that directly affect their legal rights and obligations, not those of creditors or parties in interest. *In re Combustion Eng'g., Inc.*, 391 F.3d 190, 217 (3d. Cir. 2004) (insurers have standing "to challenge a provision of the Plan only if that provision 'diminishes their property, increases their burdens, or impairs their rights.'"). The insurers raise a number of disclosure concerns, but their arguments implicate a supposed lack of information for holders of Abuse Claims, whose interests are represented by their own counsel and Committee counsel, not the objecting insurers. Because the objecting insurers are not creditors nor entitled to vote on the Plan, they have no standing to dispute whether the Disclosure Statement contains adequate information. *Id.*

II. The Disclosure Statement Satisfies Section 1125 of the Bankruptcy Code.

12. Pursuant to section 1125 of the Bankruptcy Code, the proponent of a chapter 11 plan must provide holders of impaired claims and interests entitled to vote on a plan with "adequate information." *See* 11 U.S.C. § 1125(a)(1). "[A]dequate information" in this context means information that is "reasonably practicable" to permit an "informed judgement" by creditors voting on a chapter 11 plan. *See In re Momentum Mfg. Corp.*, 25 F.3d 1132, 1136 (2d Cir. 1994). The adequacy of information in a disclosure statement is determined on a case-by-case basis, and the Court has broad discretion in determining whether a disclosure statement contains adequate

information. *See In re Ionosphere Clubs, Inc.*, 179 B.R. 24, 29 (Bankr. S.D.N.Y. 1995); *In re WorldCom, Inc.*, No. M-47 HB, 2003 WL 21498904, at *10 (S.D.N.Y. Jun. 30, 2003); *see also* H.R. Rep. No. 595, at 408-09 (1977) ("In reorganization cases, there is frequently great uncertainty. Therefore, the need for flexibility is greatest.").

13. In this inquiry, the Court need not consider specialized issues that a particular creditor may wish to raise with respect to a plan, nor is a debtor required to explain why its chapter 11 plan is superior to other, hypothetical plans. *See* 11 U.S.C. § 1125(a)(1). The "adequate information" standard also does not require that a disclosure statement include information about every aspect of a debtor's organization, its proposed plan, or claims asserted against the debtor. Rather, "adequate information" is limited to "information of a kind, and in sufficient detail, as far as is reasonably practicable . . . that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan." *Id.*

A. The Disclosure Statement Adequately Discloses what Claimants will Receive under the Plan and When they will Receive it.

14. The Committee and U.S. Trustee object to the adequacy of the disclosure statement on the asserted ground that claimants cannot determine what they will receive under the Plan and when. UCC Obj. at 14-16; UST Obj. at 26. However, both the Committee and U.S. Trustee ignore that the Abuse Claims and Insurance Proceeds are unliquidated. Accordingly, neither the Debtor nor any other party can predict what each holder of an Abuse Claim will receive through the applicable Trust.

15. The Committee objects to the Debtor's reference to holders of Abuse Claims receiving a 100% recovery. UCC Obj. at 15. Although it is the Debtor's position that holders of Abuse Claims will receive a 100% recovery under the Plan, the Debtor has removed such references from the Disclosure Statement. Other diocesan bankruptcy cases have not included any

percentages relating to recoveries for holders of Abuse Claims in their plans, so the omission of the expected recovery percentage here should be similarly appropriate.[3]

16. The Committee also argues that holders of Abuse Claims cannot understand how their claims will be determined. UCC Obj. at 15-16. The recovery for Settling Abuse Claimants will be determined based on scaling factors as provided in the Trust Distribution Procedures, which are identical to the scaling factors proposed by the Committee's Trust Distribution Procedures. Since the ultimate distributions are dependent on point allocations, recoveries for claimants cannot be determined until those point allocations have been made. With respect to Litigating Abuse Claims, the amount any Litigating Abuse Claimant will receive can only be known after their claim has been reduced to judgment. By providing an estimate of the average recovery for holders of Abuse Claims, the Debtor has satisfied, and even exceeded, the adequate information standard. Accordingly, the objections to the Debtor's estimation of recovery and information about the determination and compensation of holders of Abuse Claims should be overruled.

17. The Committee also objects to the Debtor's use of a $200 million figure without deducting for estimated Trust Expenses. UCC Obj. at 15. Tellingly, the Committee does not cite a single case holding that trust expenses must be estimated as part of a disclosure statement and any such estimate would be unduly speculative.

18. The Committee next objects to using $200 million in reference to average payments holders of Abuse Claims may receive if the Plan is confirmed. In response, the Debtor has added

[3] *See*, *e.g.*, *Roman Catholic Diocese of Harrisburg*, No. 20-00599, D.I. 1471 (Bankr. M.D. Pa. Dec. 21, 2022) (no information on recovery percentage for abuse claimants); *In re Roman Catholic Church of the Archdiocese of Santa Fe*, No. 18-13027, D.I. 1152 (Bankr. D.N.M. Nov. 3, 2022) (same); *In re The Diocese of Rochester*, No. 19-20905, D.I. 2392 (Bankr. W.D.N.Y. Dec. 18, 2023) (same); *In re The Roman Catholic Bishop of Stockton*, No. 14-20371, D.I. 758 (Bankr. E.D. Cal. Oct. 26, 2016) (same). This is in accord with the Committee's proposed disclosure statement filed in this case. *See* [D.I. 1644], at 3 (listing Abuse Claim recovery as "To be Determined")

language to the Disclosure Statement to address the Committee's concern that this $200 million payout is subject to several deductions. The deductions themselves are also clearly described in detail in the Disclosure Statement. The $200 million the Debtor is offering to resolve the chapter 11 case is also for all creditors, of which holders of Abuse Claims are the largest subset, and the Disclosure Statement is clear on this point as well.

19. Additionally, the Committee criticizes the Plan's minimum consideration payments, as if the Debtor's goal of providing holders of Abuse Claims prompt payment is unimportant. UCC Obj. at 3. As putative support for this notion, the Committee cites an unsworn letter attached to the Committee Objection, which states that "in ten Diocesan cases reviewed by Committee counsel, the average time from trust funding to distributions was 28 days." UCC Obj. at 4. This statement is misleading. In each of the ten cases cherry-picked by the Committee in the letter, the parties in the chapter 11 case used a *pre*-solicitation or *pre*-confirmation claims reviewer to liquidate claims for purposes of a proposed plan.[4]

20. For example, the Committee letter suggests that in the *Archdiocese of Santa Fe* case it took only 4 days from the funding of the trust to make distributions, but the Committee omits that a claims reviewer spent more than 7 months liquidating the claims for plan purposes prior to the effective date. *See In re Roman Catholic Church of the Archdiocese of Santa Fe*, No. 18-13027-t11 (Bankr. D.N.M.) [D.I. 1270]. Indeed, in all of the cases cited by the Committee, the parties used a pre-confirmation claims reviewer because the parties recognized that reviewing the

[4] *See In re Diocese of Davenport*, No. 06-02229 (Bankr. S.D. Iowa) [D.I. 221]; *In re Catholic Bishop of Northern Alaska*, No. 08-00110-DMD (Bankr. D. Al.) [D.I. 609-1]; *In re Society of Jesus Oregon Province*, No. 09-30938 (Bankr. D. Or.) [D.I. 1064]; *In re Christian Bros. Institute and Christian Bros. of Ireland*, No. 11-22820 (Bankr. S.D.N.Y.) [D.I. 578]; *In re Diocese of Helena*, No. 14-60074 (Bankr. D. Mt.) [D.I. 348]; *In re Archdiocese of Milwaukee*, No. 11-20059 (Bankr. E.D.W.I.) [D.I. 3269]; *In re Roman Catholic Church of the Diocese of Gallup NM*, No. 13-13676 (Bankr. D.N.M.) [D.I. 548]; *In re the Roman Catholic Bishop of Stockton*, No. 14-20371 (Bankr. E.D. Cal.) [D.I. 779]; *In re Roman Catholic Bishop of Great Falls, Montana*, No. 17-60271 (Bankr. D. Mt.) [D.I. 406]; *In re Roman Catholic Church of the Archdiocese of Santa Fe*, No. 18-13027 (Bankr. D.N.M.) [D.I. 1012].

claims for distribution purposes would take time and delay distributions to creditors who may want prompt compensation. The Committee's complaints around minimum consideration payments are not well-founded, but in any event these are not disclosure statement issues and go to the merits of the Plan.

21. The Committee also raises several arguments around the concept of Litigating Abuse Claims. The Committee complains that *certain* Litigating Abuse Claims cannot vote, but that is not because such claims are Litigating Abuse Claims. Instead, it is because they have not only been objected to by the Debtor, but have also been disallowed by order of this Court. The Committee also argues that the expense of litigating 130 claims that have already been disallowed as of matter of law will cost $32.5 million, but the Debtor disagrees that these facially defective claims will require that level of expenditure. Next, the Committee implies that other Abuse Claims will bear this $32.5 million expense, but the Disclosure Statement is clear that these expenses are chargeable only to the applicable Litigating Claim Subfund.

22. The Committee's focus on protecting disallowed, facially invalid claims is troubling, and the Committee's opposition to providing claimants with cash promptly is hard to fathom. The Committee's arguments on both fronts should be rejected.

B. The Charts in the Disclosure Statement are Supported by Adequate Information.

23. The Committee contends that charts contained in the Disclosure Statement, which compare the potential recovery of holders of Abuse Claims here to those in other diocesan bankruptcies, are "misleading" because they "selectively choose precedent" and fail to disclose contextual differences between bankruptcy cases. UCC Obj. at 7. But the charts in the Disclosure Statement include every confirmed, chapter 11 diocesan case. They are comprehensive and accurate, and, despite its complaints to the contrary, the Committee has not identified a single

missing case or disputed the accuracy of a single number in the charts. The charts provide useful context for claimants, as they illustrate how claimants' recovery under the Plan compares to recoveries in other diocesan cases. The charts in the Disclosure Statement cite nineteen different diocesan cases, which necessarily implicate a variety of jurisdictions and circumstances. The fact that a diocesan chapter 11 case may differ from another diocesan chapter 11 case is not a basis to exclude these useful and informative charts in their entirety.

24. Further, adding the information requested by the Committee, such as applicable statutes of limitations for each of the nineteen comparison cases, is more likely to cause confusion than clarification for claimants. The charts provide a plain depiction of tort claimant recoveries in every other confirmed diocesan case. Bogging the Disclosure Statement down with minutiae taken from each comparison case would defeat the purpose of the charts.

C. The Disclosure Statement Contains Adequate Information on Parish Real Estate.

25. The Committee contends the Debtor failed to adequately disclose the value of parish real estate. UCC Obj. at 17. The Debtor has disclosed more data with respect to parish real estate and parish financials than any other diocesan chapter 11 case. In addition to these voluminous disclosures, the Debtor also provided information regarding the Committee's views on real estate, including the Committee's views on the aggregate value of parish real estate. The Debtor does not have additional information regarding the value of parish real estate.

D. The Disclosure Statement Contains Adequate Information on the Parish Contribution.

26. The Committee and the U.S. Trustee request that the Debtor disclose individual parish contributions to the Plan. UCC Obj. at 8, UST Obj. at 18. The Committee's objection omits mention of the fact that individual parish contributions have never been required to be disclosed in any other diocesan chapter 11 case. Here, the Diocese has provided more information regarding

parish and other released party financials than any other diocesan chapter 11 case. The absence of parish-by-parish contribution amounts does not mean the Disclosure Statement lacks adequate information, especially when, as here, the Debtor has disclosed historical parish financial information. *See, e.g., Roman Catholic Diocese of Harrisburg*, No. 20-00599 (Bankr. M.D. Pa. Dec. 21, 2022) [D.I. 1471] (including no information on individual parish contributions); *In re the Diocese of Rochester*, No. 19-20905 (Bankr. W.D.N.Y. Dec. 18, 2023) [D.I. 2392] (same); *In re The Roman Catholic Bishop of Stockton*, No. 14-20371 (Bankr. E.D. Cal. Oct. 26, 2016) [D.I. 758] (same). Moreover, the individual contributions of each parish have limited bearing on the ability of holders of Abuse Claims to analyze their treatment under the Plan, as under the Plan the parishes are jointly and severally responsible for the contribution. Finally, parishes are dependent on donations from parishioners for their continued survival, and disclosure of their particular contribution amounts will complicate and potentially frustrate their ongoing missions.

E. The Disclosure Statement Adequately Discloses the Potential for Substantial Insurance Recovery.

27. The Committee argues that it is "misleading" for the Disclosure Statement to refer to substantial recoveries available from the Debtor's historical insurance policies. UCC Obj. at 8, 17-18. The Debtor believes, based on the Debtor's own analysis of the claims and insurance policies, its insurance rights have substantial value, and the inclusion of insurance rights is a substantial asset for consideration in this Disclosure Statement. So does the Committee. Although the Committee has not disclosed its valuation of insurance in this case, or offered to do so for the Disclosure Statement, counsel for the Committee has described the Debtor's insurance rights to the media as providing "hundreds of millions" of dollars of value, *see Clergy Abuse Survivors Propose $450 Million Payout from Rockville Centre Diocese*, NEWSDAY, January 19, 2023 at 1 (reporting that "hundreds of millions more would come from other church insurance companies,

Stang said"), which is also consistent with representations that the Committee has made to the Court. *See*, *e.g.*, Dec. 19, 2023 Hr'g Tr. at 60:20 [D.I. 2753] (asserting a single claim had "occurrence coverage limits of $359 million"). The Disclosure Statement thus contains adequate, accurate information regarding the Debtor's substantial insurance rights.

F. The Disclosure Statement Contains Adequate Information on the Litigating Abuse Claimant Election.

28. The Committee asserts that the Debtor's Disclosure Statement does not sufficiently describe the consequences of a Settling Abuse Claimant or Litigating Abuse Claimant election. UCC Obj. at 8-9. Similarly, the U.S. Trustee argues that the Debtor's pleadings do not sufficiently explain the point system contained in the Trust Distribution Procedures. UST Obj. at 28.

29. The Disclosure Statement establishes that a Litigating Abuse Claim is permitted to continue litigating against the Litigation Administrator, and, if the claim becomes an Allowed Litigating Abuse Claim through this process, it is afforded a *pro rata* distribution from the applicable Litigating Claim Subfund. *See* Disclosure Statement, §§ I.A, VI.B.3.d-e. Expenses for the defense of the Litigating Abuse Claims will be deducted from the relevant Litigating Claim Subfund. *See id.* at § VI.B.4.a. Further detailed procedures for Litigating Abuse Claims are described in in Section 8 of the Trust Distribution Procedures. *See Trust Distribution Procedures* [D.I. 2754], at § 8.

30. Settling Abuse Claimants are entitled to distribution from the Settling Claim Subfunds. *See* Disclosure Statement, §§ I.A, VI.B.3.d-e. Expenses for the administration of the Settling Claim Subfund are deducted from that subfund. The procedures for Settling Abuse Claims, including the trust submission, independent review, valuation and distribution processes, are described in Sections 3 through 6 of the Trust Distribution Procedures. *See Trust Distribution Procedures* [D.I. 2754 Ex. A] at §§ 3-6. The description of the point system in the Trust

Distribution Procedures states, in detail, the criteria and evaluation factors scored on a 100 point scale. *Id.* at § 3.3. The Disclosure Statement provides adequate information regarding these issues.

G. The Disclosure Statement Contains Adequate Information on the Classification of Abuse Claims.

31. The Committee contends the Disclosure Statement does not inform holders of Abuse Claims of the potential for different treatment, because holders of Abuse Claims might receive different recoveries depending on the Trust to which they are assigned. UCC Obj. at 9. While uncertain, the Debtor believes that both Trusts will ultimately satisfy claims in full and, as such, claimants will receive the same recoveries. However, the fact that Insurance Rights differ between the two Trusts is plainly disclosed. Likewise, the Disclosure Statement explains Arrowood's financial condition and that the New York Property/Casualty Security Fund is the party responsible to pay covered claims within the limits of the Arrowood insurance policies up to its statutory limits of $1 million, with any remainder to be sought from the Arrowood liquidation.

32. The Debtor classified its Abuse Claims separately on that basis. The creation of a separate trust is intended to assist in the maximization of insurance recoveries for holders of Abuse Claims covered by Arrowood, while also streamlining the administration of claims for Arrowood's appointed Ancillary Receiver by ensuring that any insurance proceeds provided by the State of New York are solely allocated to Arrowood Claimants. *See* Disclosure Statement at §§ IV.A and V.A. This is a legitimate exercise of the Debtor's business judgment. *See In re Aegerion Pharms., Inc.*, 605 B.R. 22, 31 (Bankr. S.D.N.Y. 2019) (recognizing that separate classification of claims can be supported by a "good business reason"). There is no "unfair discrimination" or gerrymandering, as the Committee contends, because the Plan is expressly premised on *both* classes of Abuse Claims voting to accept the Plan. In any event, the question of whether the

separate classification of claims in the Plan is supported by good business reason is a question for confirmation, and should not be at issue now.

33. In sum, the fact that the two Trusts are different and have different Insurance Rights, and the basis for that, is plainly disclosed in the Disclosure Statement.

H. The Disclosure Statement Contains Adequate Information on the Cemetery Corporation Transaction.

34. The Committee also takes issue with the Debtor's disclosure of the Debtor's settlement with Cemetery Corporation. UCC Obj. at 11. The disclosures regarding the proposed settlement with the Cemetery Corporation constitute "adequate information." The ultimate question of whether the Debtor's proposed Cemetery Corporation settlement satisfies the requirements of 11 U.S.C. § 1123(b)(3) and FED. R. OF BANKR. P. 9019 is an issue for confirmation.

35. Under 11 U.S.C. § 1123(b)(3), "a plan may—provide for—the settlement or adjustment of any claim or interest belonging to the debtor or the estate." 11 U.S.C. § 1123(b)(3). Additionally, Bankruptcy Rule 9019 authorizes a court to approve a compromise or settlement on a motion by the debtor after notice and a hearing. FED. R. BANKR. P. 9019. However, § 1125 of the Bankruptcy Code does not specifically require the Debtor to demonstrate that it satisfies the confirmation standard for settlements in the disclosure statement. Moreover, the finalization of a settlement following the approval of the Disclosure Statement should present no issue here, as courts approve settlements that are proposed after approval of the disclosure statement. *See, e.g., In re Copperfield Invs., LLC*, 401 B.R. 87, 90 (Bankr. E.D.N.Y. 2009) (approving a settlement motion submitted over two months after approval of the disclosure statement).

36. In any event, the information provided regarding the settlement with the Cemetery Corporation satisfies the definition of "adequate information" as defined in the Bankruptcy Code. The Debtor has outlined the history and organizational structure of Cemetery Corporation, as well

as described the transfers that occurred between the Debtor and Cemetery Corporation. *See* Disclosure Statement, §§ II.A.3.e, IV.C. The Debtor has also listed the material terms of the proposed settlement with Cemetery Corporation, including the $10 million contribution to the Debtor's plan of reorganization, as well as a $35 million loan to the Debtor. *See id.* Further, the Debtor has amended the Disclosure Statement to include the factors that the court will consider in approving the Cemetery Corporation settlement, which has not yet been agreed to by Cemetery Corporation. *See* Disclosure Statement, § IV.C.8; *see also Motorola, Inc. v. Official Comm. of Unsecured Creditors (In re Iridium Operating LLC)*, 478 F.3d 452, 462 (2d Cir. 2007). The information provided by the Debtor regarding the Cemetery Corporation settlement includes the core terms of the settlement, and thus enables creditors to make an informed vote to accept or reject the Debtor's Plan.

I. The Disclosure Statement Contains Adequate Information on the Future Claim Subfund.

37. The Committee also claims that the Debtor provided an insufficient rationale for its proposed allocation of six percent to the Future Claim Subfund and reversion of any unused portion of the Future Claim Subfund to the Debtor. UCC Obj. at 11. But the information provided in the Disclosure Statement regarding the allocation to the Future Claims Subfund is "information of a kind, and in sufficient detail, . . . that would enable . . . a hypothetical investor of the relevant class to make an informed judgment about the plan." 11 U.S.C. § 1125(a)(1). The Debtor has disclosed to impaired creditors the amount to be allocated to the Future Claim Subfund (six percent) and explained that this amount was acceptable to the FCR and the Committee as representatives of holders of Abuse Claims. This information is sufficient for "a hypothetical investor of the relevant class to make an informed judgment about the plan."

J. The Liquidation Analysis is Supported by Adequate Information.

38. The Committee raises concerns with the Debtor's liquidation analysis. UCC Obj. at 19-21. As an initial matter, objections to a liquidation analysis are appropriately raised at plan confirmation, not in connection with the Disclosure Statement. Bankruptcy Court approval of a disclosure statement does not mean that the Court has vetted and approved the liquidation analysis and all of the assumptions it is premised on. *W.P. Hickman Sys. v. V & R Sheet Metal, LLC (In re W.P. Hickman Sys.)*, Nos. 08-26591JAD, 10-2289JAD, 2012 WL 2905446, at *6 (Bankr. W.D. Pa. July 16, 2012) (recognizing that "the basis for an objection to a disclosure statement and its liquidation analysis would be that it contained inadequate information, not that the liquidation analysis was inaccurate"). The "principal purpose" at the disclosure statement stage is not for the Court to flyspeck the Debtor's liquidation analysis; it is for the Court to determine if the Disclosure Statement provides adequate information. *Id.*

39. The Committee contends that the Debtor's liquidation analysis must value the claims against non-debtors in a hypothetical chapter 7. UCC Obj. at 19-20. The Committee cites *In re Quigley Co.*, 437 B.R. 102, 145-46 (Bankr. S.D.N.Y. 2010) in support. The Debtor's liquidation analysis provides adequate information for creditors, as it takes an approach that is consistent with more recent and more analogous case law. These cases teach that, particularly in the context of bankruptcies predicated on unliquidated personal injury claims, a liquidation analysis does not require analysis of claimants' rights against third parties. *In re Purdue Pharma L.P.*, 633 B.R. 53, 110 (Bankr. S.D.N.Y. 2021) (recognizing that the best interest test "would not … require analysis of the claimant's rights against third parties" and distinguishing *Quigley*); *see also In re Boy Scouts of America*, 642 B.R. 504, 665 (Bankr. D. Del. 2022) (concluding "that the plain language of the statute does not appear to require the inclusion in a liquidation analysis of the value of any third-party claims released under the Plan.").

40. The Bankruptcy Court in *Boy Scouts* recognized that, although "[t]wo courts have taken a different view of § 1129(a)(7) and have determined it appropriate to include third-party claims in the best interest analysis on the facts of their respective cases," the court held "the better view is to apply to the plain language of the statute and resolve third-party releases in the context of the release standard." *Id.* Thus, as the plain language of section 1129(a)(7) of the Bankruptcy Code is focused on the debtor, not non-debtors, the Debtor's liquidation analysis here should likewise be focused on the Debtor's contribution to the chapter 11 plan, not the contributions of non-debtors or the rights of claimants against such third parties. In sum, the Debtor's liquidation analysis excludes the valuation of rights claimants may have against Covered Parties as part of the best interest test, and in doing so is consistent with the most recent and analogous case law.

K. The Disclosure Statement Contains Adequate Information Establishing that the Releases and Exculpation Provisions are Appropriate.

41. The U.S. Trustee argues there is inadequate information concerning the appropriateness of the releases and exculpation of non-debtors. UST Obj. at 16. The third party releases are being granted in exchange for valuable consideration, including the contribution of over $100 million from third parties, as well as their own substantial insurance rights as part of the Insurance Rights Transfer. *See* Plan Art. IV. Absent the third-party release, the non-debtor insureds are not willing to transfer their insurance rights to the Debtor. Accordingly, the third party releases are appropriate because they are the key to unlocking the maximum insurance recoveries possible for the benefit of holders of Abuse Claims. Without the releases, recoveries for holders of Abuse Claims will be substantially lower.

L. The Disclosure Statement Contains Adequate Information on the Insurance Rights Transfer.

While LMI and Interstate do not have standing to contest the Disclosure Statement, they argue that the definitions of Insurance Rights and Insurance Rights Transfer are "internally

contradictory and confusing." LMI Obj. at 27, *see* Interstate Obj. at 16-17. On the contrary, the assignment of Insurance Rights (Plan Art. I.A.77) pursuant to the Insurance Rights Transfer (Plan Art. IV.G.) is a straightforward application of the assignment of insurance rights that is permissible under New York law.

42. Under New York law, courts routinely uphold transfers of insurance rights, although not the policies themselves, when the covered loss occurred prior to the assignment, as is the case here for holders of Abuse Claims. *See*, *e.g.*, *Globecon Grp., LLC v Hartford Fire Ins. Co.*, 434 F3d 165, 170 (2d Cir. 2006) (citations omitted) (applying New York law and observing that "[a]s a general matter, New York follows the majority rule that a [no-transfer provision in an insurance contract] is valid with respect to transfers that were made prior to, but not after, the insured-against loss"); *SR Int'l Bus. Ins. Co., Ltd. v. World Trade Ctr. Props., LLC*, 375 F. Supp. 2d 238, 245-46 (S.D.N.Y. 2005) ("Under [no-transfer] provisions, any unauthorized assignment of a property insurance policy before a loss occurs is invalid [but] [a]fter a loss occurs . . . a party to an insurance contract may assign its right to accrued insurance proceeds to another party, even in the face of express policy language prohibiting assignments.").

43. Here, any losses giving rise to the Abuse Claims occurred prior to the requested assignment of the Insurance Rights under the Plan. Thus, the accrual of the Insurance Rights with respect to Abuse Claims "extinguishe[d] the insurer's interest in the risk profile of the insured, thereby converting the claim into, in effect, a chose in action." *Globecon*, 434 F.3d at 171. Under settled New York law, the anti-assignment provisions in the Insurance Policies do not bar the Insurance Rights Transfer. The disclosure is adequate.

M. The Disclosure Statement Contains Adequate Information on the Trust Documents and the Parties Involved in Administering the Trusts.

44. Interstate argues that the Disclosure Statement fails to include the Trust Agreements that are necessary for *creditors* "to understand[] the nature by which distributions will be made to holders of Abuse Claims under the Plan." Interstate Obj. at 9. Again, Interstate does not have standing to make this objection because it is not a creditor. In any event, since Interstate filed its objection, the Trust Agreements have been filed. *See* [D.I. 2812]. Further still, this is not a Disclosure Statement issue, as the Trust Agreements are part of the Plan Supplement, not the Disclosure Statement. Plan Art. I.A.126.

45. Interstate is also mistaken in its assertion that the Disclosure Statement cannot be approved for failure to identify the persons responsible for administering the Trusts. Courts dealing with similar cases, and unlike the *Affordable Medical* case cited by Interstate, have approved disclosure statements notwithstanding that the identity of a settlement trustee or members of an advisory committee are to be disclosed after its approval. *Compare In re Boy Scouts of Am. & Del. BSA, LLC*, *Third Modified Fifth Amended Plan of Reorganization*, [D.I. 10296], Art. IV at 71 (approved disclosure statement where identities of settlement trustee and advisory committee members were to be disclosed after its approval), *with In re Affordable Med Scrubs, LLC*, No. 15-33448, 2016 WL 3693978 (Bankr. N.D. Ohio July 5, 2016) (denying approval of disclosure statement when, under the plan, the sole secured creditor, whose prepetition transfers were to be investigated by the trust, appointed a liquidating trustee and the members of an oversight committee, but the debtor failed to disclose the liquidating trustee's connections to the secured creditor or the identities of the members of oversight committee). Moreover, identifying the General Settlement Trustee and Arrowood Settlement Trustee after approval of the Disclosure Statement does not prevent parties in interest from making an informed decision on voting for the

Plan because these persons are to be appointed by the Court, which should provide creditors additional comfort that Trust representatives will be appropriately disinterested and experienced. Plan Art. I.A.9, I.A.63.

N. Adequate Information Regarding the Exit Facility will be Provided.

46. The Committee objects to the Debtor's proposed exit financing as premature. UCC Obj. at 22. The Committee's objection should be overruled, as the Debtor is seeking approval of the Exit Facility in the context of Confirmation and will provide the exit facility documents prior to the Confirmation Hearing, which is standard practice in chapter 11 cases in this District.[5] Nevertheless, to address this objection, the Debtor has also added additional details on the proposed structure of the Exit Facility in Art. VIII of the Disclosure Statement.

O. The Ballots Contain Adequate Information.

47. The U.S. Trustee objects to the ballots, saying they are confusing and complex. UST Obj. at 27-28. The U.S. Trustee's proposed remedy—adding *more* information to the ballots—does not make sense. To make a fully-informed vote, holders of Abuse Claims and their counsel must review the solicitation materials. Adding additional information, such as materials describing point allocations from the Trust Distribution Procedures, to the ballots—which are already nineteen pages long—will only cause confusion and deter claimants from reviewing the ballots in the first place. The U.S. Trustee's objection is misplaced.

[5] *See In re Sbarro LLC*, No. 14-10557 (MG), 2013 WL 12579564, at *17 (Bankr. S.D.N.Y. Jan. 23, 2013) (finding the Debtors "provided sufficient and adequate notice of material terms of the Exit Facility, as the form of the Exit Facility Documentation was filed as part of the Plan Supplement."); *see also In re Tricom, S.A.*, No. 08-10720 (SMB), 2009 WL 7192124, at *8 (Bankr. S.D.N.Y. Oct. 29, 2009) (providing draft documents for the exit facility in a post-disclosure statement plan supplement, which were then amended twice); *In re Dana Corp*., No. 06-10354 (BRL), 2007 WL 4589331, at * 39 (Bankr. S.D.N.Y. Dec. 26, 2007) (providing draft documents for the $1.5 billion exit facility in the plan supplement, which was filed after the disclosure statement was approved).

III. The Plan Is Not Patently Unconfirmable.

48. Several Objections are addressed to confirmation. These are premature and do not present a basis for the Court to delay approval of the Disclosure Statement. The Plan must ultimately meet the confirmation requirements in section 1129 of the Bankruptcy Code, and the Debtor will show that it has carried its burden to confirm the Plan when that time comes. The time to do that is at confirmation, not at the stage of approving a disclosure statement. *See* 7 COLLIER ON BANKRUPTCY ¶ 1125.03 (16th ed. 2023) ("At disclosure statement hearings, courts should refuse to hear issues that are confirmation rather than disclosure issues, such as classification of claims, feasibility . . . or whether a plan is fair and equitable."). Indeed, disputed issues related to confirmation are not relevant to assessing whether a disclosure statement contains "adequate information." *See, e.g.*, *In re Hyatt*, 509 B.R. 707, 711 (Bankr. D.N.M. 2014). The standard for entertaining plan objections at a disclosure statement hearing is when any subsequent solicitation would be futile because the proposed plan is "patently unconfirmable."

49. This high standard is onerous and not met by any of the Objections here. Specifically, "a plan is patently unconfirmable where (1) confirmation 'defects [cannot] be overcome by creditor voting results' and (2) those defects 'concern matters upon which all material facts are not in dispute or have been fully developed at the disclosure statement hearing.'" *In re Am. Cap. Equip., LLC*, 688 F.3d 145, 154-55 (3d Cir. 2012); *see also In re Phoenix Petrol. Co.*, 278 B.R. 385, 394 (Bankr. E.D. Pa. 2001) (finding that unless "the disclosure statement describes a plan that is so 'fatally flawed' that confirmation is 'impossible'" the court should approve a disclosure statement that otherwise adequately describes the chapter 11 plan at issue).

50. The objectors will have the opportunity to prosecute their confirmation objections in connection with the Confirmation Hearing to the extent those issues remain disputed. Still, the Debtor briefly addresses below certain confirmation issues raised in the Objections.

A. The Objections to the Release and Exculpation Provisions Do Not Render the Plan Patently Unconfirmable.

51. The U.S. Trustee objects to the approval of the Disclosure Statement because of the inclusion of the nonconsensual, non-debtor, third-party releases in the Plan. UST Obj. at 21. Challenges to the Plan itself, including challenges to plan releases, are plan objections that should be addressed at confirmation. *See, e.g.*, Apr. 26, 2013 Hr'g Tr. at 19: 8-9, *In re Arcapita Bank B.S.C. (C)*, No. 12-11076 (SHL) (Bankr. S.D.N.Y. Apr. 29, 2013) (D.I. 1057) ("There was a lot about third party releases, obviously. And that's a plan issue."); *see also* Order, *In re N.Y.C. Off-Track Betting Corp.*, No. 09-17121 (MG) (Bankr. S.D.N.Y. Dec. 1, 2010) (D.I. 234) (approving disclosure statement and deferring ruling on confirmation issues, including third-party release and exculpation provisions, until confirmation hearing).

52. Any contention that the inclusion of nonconsensual third-party releases in the Plan renders the Plan unconfirmable on its face disregards established Second Circuit precedent permitting the imposition of nonconsensual third-party releases pursuant to 11 U.S.C. §§ 105(a) and 1123(b)(6). *In re Purdue Pharma L.P.*, 69 F.4th 45, 72, 76 (2d Cir. 2023), *cert. granted sub nom., Harrington v. Purdue Pharma L.P.*, 144 S. Ct. 44 (2023). Although the Supreme Court has granted certiorari in *Purdue*, the decision remains binding precedent in the Second Circuit "unless and until it is reversed, overruled, vacated, or otherwise modified by the Supreme Court of the United States." *In re Hal Luftig Co.*, 2023 WL 8522603, at *16 (Bankr. S.D.N.Y. Dec. 7, 2023). The U.S. Trustee does not dispute that the Second Circuit's *Purdue* decision remains binding on this Court.

53. To address the U.S. Trustee's argument that the exculpation provision should be limited to acts or omissions during these chapter 11 cases, the Debtor clarified the exculpation

provision to make clear that it applies to actions taken from the Petition Date through the Effective Date. *See* Plan, Art. XI.H. The remainder of the U.S. Trustee's objection should be overruled.

B. The General Settlement Trustee Does Not Have an Irreconcilable Conflict That Would Render the Plan Patently Unconfirmable.

54. LMI asserts that the Plan is patently unconfirmable due to the General Settlement Trustee being subject to an "irreconcilable conflict" because the Trustee is acting as both a "fiduciary to the Abuse Claimants and also [] as a self-insurer charged with defending the Abuse Claims." LMI Obj. at 18. But LMI cites no case holding that a plan is patently unconfirmable where a trustee fulfilling its obligation to maximize insurance recoveries is also tasked with administering a trust on behalf of its beneficiaries. LMI Obj. at 19. Those interests are aligned. Contrary to LMI's unsupported position, courts in the Second Circuit and elsewhere routinely approve the establishment of trusts that require the trustee to act in the interests of its beneficiaries by pursuing insurance recoveries, while also fulfilling obligations to defend claims.[6]

55. Further, if the Court were to adopt LMI's reasoning, the same logic underlying LMI's supposed conflict is also applicable to the Debtor *now*. *See In re Sillerman*, 605 B.R. 631, 640 (Bankr. S.D.N.Y. 2019) ("a debtor-in-possession . . . owes fiduciary duties to his estate and creditors.") (citing 11 U.S.C. § 1107). The Trustees' duties to administer and object to Abuse Claims, while maximizing insurance recoveries, are of the same species as the Debtor's current duties to its estate. If LMI's logic were correct, no chapter 11 case involving insurance recoveries for personal injury claims, or subsequent settlement trust, could proceed. That is plainly incorrect. Accordingly, no irreconcilable conflict exists.

[6] *See, e.g., In re Boy Scouts of Am.*, 650 B.R. 87, 186 (D. Del. 2023) (explaining "settlements administered by trusts like the one at issue here are commonplace" and quoting *In re W.R. Grace & Co.*, B.R. 96, 132 (Bankr. D. Del. 2011) ("the Trustees have a fiduciary duty to ensure that only valid claims are paid.")).

C. The Transfer of Non-Debtor Property Does not Render the Plan Patently Unconfirmable.

56. LMI also argues that the Plan is patently unconfirmable because it requires the Court to approve the transfer of non-debtor property, which they argue is not property of the estate over which the Court can exercise jurisdiction. LMI Obj. at 20-21. In support of this proposition, LMI selectively quotes the *Diocese of Camden* opinion as the following:

> the Court finds that the Insurers are correct in their argument that this Court lacks jurisdiction to order or approve the transfer of the OCE's interest in the Policies, because the Court's jurisdiction is limited to property of the Debtor, or the estate.

In re Diocese of Camden, New Jersey, 653 B.R. 309, 352 (Bankr. D.N.J. 2023). Conveniently omitted from this quote is the court's statement directly following the quote, which says that the plan provisions governing the insurance rights transfer "do not violate the Bankruptcy Code, and therefore do not make the Plan unconfirmable[.]" *Id.* The court ultimately ruled that the legality of the transfer is a matter of state law, which "the parties are free to raise . . . before a state court at the appropriate juncture." *Id.*; *accord In re Boy Scouts of Am. & Delaware BSA, LLC*, 642 B.R. 504, 670 (Bankr. D. Del. 2022), *supplemented*, No. 20-10343 (LSS), 2022 WL 20541782 (Bankr. D. Del. Sept. 8, 2022), *aff'd*, 650 B.R. 87 (D. Del. 2023). Therefore, the cases cited by LMI do not support its argument that the Plan is patently unconfirmable.

IV. The Solicitation Procedures Are Appropriate.

A. The Debtor's Proposed Dismissal Toggle is Appropriate.

57. Mere months ago, the Committee sought dismissal of this chapter 11 case based on a continuing loss to the estate and an alleged absence of a reasonable likelihood of rehabilitation. In support of its dismissal motion, the Committee alleged a loss to the estate that was, in the Committee's view, sufficient to dismiss the case. *See Motion of the Official Committee of Unsecured Creditors to Dismiss Chapter 11 Case* [D.I. 1912] at ¶ 3. The Committee also asserted

that the Diocese had no likelihood of rehabilitation. *Id.* at ¶ 2; *see also id.* at ¶ 5 ("There is no prospect of successfully resolving this case."); ¶¶ 31-35 (arguing that the absence of claimant support for the Debtor's Plan demonstrated that a successful reorganization is unlikely and warranted dismissal). Jarringly, the Committee now argues that "dismissal may not be the appropriate remedy" if the Plan lacks adequate claimant support to be confirmed. *See* UCC Obj. at ¶ 45. Since the Committee filed its motion to dismiss, the Debtor's liquidity has continued to deteriorate and attempts to consensually resolve this chapter 11 case in mediation with the Committee have failed.

58. Not only does the Committee not consider itself bound by its prior positions in this case, it also apparently does not consider itself bound by the Court's order denying the Committee's motion to dismiss. *See Order Denying the Motion of the Official Committee of Unsecured Creditors to Dismiss the Chapter 11 Case Without Prejudice* [D.I. 2329]. In that Order, the Court observed that whether the Debtor has a reasonable likelihood of confirming a plan in this case within a reasonable time will largely depend on whether there is sufficient claimant support to do so by October 31, 2023. *See id.* at 4-8. That date has come and gone, and now it is time to determine whether there is claimant support for the Plan.

B. The Voting Deadline Complies with the Federal Rules of Bankruptcy Procedure.

59. Next, the Committee objects to the Voting Deadline and argues that the voting period should be extended to at least 60 days following the Solicitation Date. Notably, the Committee cites no authority in support of its position. The Committee cannot refute that the voting period proposed by the Debtor satisfies the requirements of the Federal Rules of Bankruptcy Procedure. *See* FED. R. BANKR. P. 2002(a)(5) (requiring 21 days' notice of deadline to accept or reject a proposed modification of a plan). Similar cases have also included similar voting periods.

See Order*, In re Roman Catholic Church of the Diocese of Gallup*, No. 13-13676 (Bankr. D.N.M. May 3, 2016) [D.I. 571] (ordering a 24-day voting period). The Debtor submits that the pendency of the chapter 11 case has already given parties over three years—including over 60 days since the filing of the *First Amended Plan of Reorganization Proposed by The Roman Catholic Diocese of Rockville Centre, New York* [D.I. 2696]—to assess how the Plan may affect their rights, and to determine if the Plan provides a settlement that they believe offers a reasonable recovery for their claim. The voting period gives adequate time for claimants to make an informed decision based on those assessments.

60. The miscellaneous relief sought by the Committee is similarly inappropriate. Specifically, the Committee cites no authority and provides no justification for any of its remaining objections to the Solicitation Procedures, including:

- Consent rights for the Committee with respect to any extensions of the Voting Deadline.
- Distinct Abuse Claims should not be consolidated.
- Consent rights for the Committee with respect to Defective Ballots and the right for the Committee to seek to cure Defective Ballots.

All of these unsupported requests for relief are inappropriate here.

C. Attorneys Must Receive Solicitation Packages on Behalf of Clients.

61. The U.S. Trustee objects to the Debtor's plan to serve attorneys rather than their clients with the Solicitation Packages. UST Obj. at 27. While the Debtor is sympathetic to the concern that there may be a lack of communication as between claimants and their counsel, the Debtor's proposed service is in line with New York Rule of Professional Conduct 4.2, governing communications with represented parties. N.Y. R. Prof Conduct R. 4.2.

CONCLUSION

For the foregoing reasons, this Court should grant the Debtor's motion and approve the Disclosure Statement and Solicitation Procedures.

Dated: January 12, 2024
New York, New York

Respectfully submitted,

/s/ Corinne Ball

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Exhibit A

List of Objections and Joinders

#	Objector	Date Filed	D.I.
PLAINTIFF GROUPS			
1	Official Committee of Unsecured Creditors	1/8/2024	2793
INSURERS			
2	Certain Underwriters at Lloyd's, Ancon Insurance Co. (UK) Ltd., Assicurazioni Generali T.S., Dominion Insurance Co. Ltd., Excess Insurance Co Ltd., London and Edinburgh General Insurance Co. Ltd., St. Katherine Insurance Co. Ltd., Terra Nova Insurance Co. Ltd., Turegum Insurance Co. Ltd., Unionamerica Insurance Co. Ltd., and Yasuda Fire & Marine (UK) Ltd. (collectively, "London Market Insurers")	1/5/2024	2786
3	Fireman's Fund Insurance Company, National Surety Corporation, and Interstate Fire & Casualty Company (collectively, the "Interstate Insurers")	1/5/2024	2787
4	Lexington Insurance Company	1/5/2024	2788
5	Associated International Insurance Company	1/5/2024	2790
OTHER			
6	United States Trustee	1/8/2024	2794

Exhibit B

Objection Responses Chart

Objecting Party	Summary of Objection	Summary of Debtors' Response
Official Committee of Unsecured Creditors **[D.I. 2793]**	The Plan should not be solicited because holders of Abuse Claims do not support the Plan. *Passim.*	This is not a Disclosure Statement objection and does not counsel in favor of denying the Debtor's motion. The objection should be overruled.
	The Disclosure Statement does not fully explain that overwhelming support of holders of Abuse Claims is required to confirm the Plan. (Obj. at 1-2.)	The Disclosure Statement includes references to the *Purdue* decision and the requirements for plan confirmation. (Disclosure Statement, § XI.B.5.)
	The Disclosure Statement does not explain that Minimum Consideration Payments reduce amounts to be paid to holders of Abuse Claims. (Obj. at 2-3.)	The Disclosure Statement explains that Minimum Consideration payments are made first, before amounts are distributed to the Trusts for ultimate distribution to Claimants. (Disclosure Statement at Executive Summary.)
	The Disclosure Statement does not permit holders of Abuse Claims to determine what they will receive under the Plan. (Obj. at 4-5, 9, 15-16.)	The recovery for Settling Abuse Claimants will be determined based on scaling factors as provided in the Trust Distribution Procedures, which are identical to the scaling factors proposed by the Committee's Trust Distribution Procedures. But, since the ultimate distributions are dependent on point allocations, recoveries for claimants cannot be determined until point allocations have been made. With respect to Litigating Abuse Claims, the amount a Litigating Abuse Claimant will receive can only be known after their claim has been reduced to judgment. By providing its estimate of the average recovery for holders of Abuse Claims, the Debtor has satisfied, and even exceeded, the adequate information standard, but should not be required to do more. (Reply at II.A.)
	The headline number of $200 million to the Trusts is misleading. (Obj. at 5-7.)	Language has been added to the Disclosure Statement regarding reductions from the $200 million amount for payment of administrative claims and other general unsecured creditors. (Disclosure Statement at Executive Summary.)
	The charts contained in the Disclosure Statement, which compare the $200 million contribution and Abuse Claimant recoveries in other Diocesan cases, are misleading. (Obj. at 7.)	The charts in the Disclosure Statement are accurate and comprehensive. No modifications are required. (Reply at II.B.)

Objecting Party	Summary of Objection	Summary of Debtors' Response
	Disclosure Statement fails to provide key financial information for third parties so that holders of Abuse Claims may evaluate whether payments made by third parties are fair. (Obj. at 7-8, 17.)	The Disclosure Statement provides detailed information on parish and other released parties' financials and real estate. (Disclosure Statement at Exhibit 5). The Disclosure Statement does not provide information on the value of parish real estate, because the Debtor does not have such information, and the Disclosure Statement does not provide information on parish-by-parish contributions, which are joint and several. Reply at II.C and D.
	Disclosure Statement's references to "substantial" available insurance recoveries are misleading. (Obj. at 8.)	The Debtor's statements regarding its historical insurance coverage fairly assess the amounts available in recovery on account of such coverage, which are substantial, and the Debtor has accurately disclosed its position with respect to recoveries. The Debtor has also accurately described the Committee's position with respect to such issues. (Reply at II.E.)
	The Disclosure Statement fails to describe what it means to be a Settling Abuse Claimant or a Litigating Abuse Claimant. (Obj. at 8-9.)	The Debtor's Disclosure Statement provides adequate information regarding the treatment of Abuse Claims and the objections of the Committee should be overruled. (Reply at II.G.)
	The Disclosure Statement does not reveal a risk that the delayed contribution may not be paid. (Obj. at 10.)	The Debtor, Seminary, and Parishes are jointly and severally liable for certain of the delayed contribution payments. (Disclosure Statement at Executive Summary.) The Debtor also added additional disclosure in the Disclosure Statement regarding this risk factor. (Disclosure Statement at Executive Summary and Section XV.B.3.)
	The Disclosure Statement contains no discussion of how the proposed Cemetery Corporation settlement satisfies FRBP 9019. (Obj. at 11.)	The proposed Cemetery Corporation settlement does not need to satisfy FRBP 9019 at the Disclosure Statement stage. (Reply at II.H.) Additional language was added to the Disclosure Statement on the settlement standards. (Disclosure Statement, § IV.C.8.
	The Disclosure Statement does not fairly present the outcome of a liquidation of the Diocese and what Abuse Claimants may receive in a liquidation. (Obj. at 11.)	Objections to a liquidation analysis are appropriately raised at plan confirmation, not in connection with the Disclosure Statement. (Reply at II.J.)

Objecting Party	Summary of Objection	Summary of Debtors' Response
		Even so, the Debtor's liquidation analysis is consistent with the requirements of more recent and more analogous case law. (Reply at II.J.)
	The Disclosure Statement estimates that Abuse Claimants will receive 100% recovery without accounting for how much could be deducted for unpaid administrative expenses, Trust expenses, litigating Abuse Claims, and the Future Claims Subfund. (Obj. at 15.)	The Debtor has removed references from the Disclosure Statement regarding Abuse Claimants recovering 100% on their claims.
	The Disclosure statement does not include Trust Agreements, does not address the risk that the Plan's Insurance Assignment may not be approved by the Bankruptcy Court, and does not notify creditors that recovery of the Insurance Proceeds can be diminished in court or disputed by third-party insurers. (Obj. at 17-18.)	The Debtor has filed Trust Agreements and the Debtor has included a savings clause, as requested by the Committee in footnote 42 of their Objection, in the Plan regarding the insurance assignment. (Plan, Art. V.Q.1.) The Debtor added disclosure indicating that the insurance coverage cases are ongoing and the insurers have raised certain defenses to coverage. (Disclosure Statement, § II.C.4) No further disclosures are necessary.
	The Disclosure Statement provides insufficient rational for its proposed allocation of six percent to the Future Claim Subfund and reversion of any unused portion of the Future Claim Subfund to the Debtor. (Obj. at 11.)	The Debtor believes the Disclosure Statement provides adequate information to allow a hypothetical investor to make an informed judgment about the Plan because it has provided the amount to be allocated, and its reason for deciding that amount was appropriate. (Reply at II.I.)
	The Disclosure Statement should disclose that the insurers could defeat recovery of the insurance proceeds if they prevail on their coverage defenses. (Obj. at 18.)	All insurance coverage defenses are reserved, and the Debtor takes no position in the Disclosure Statement on whether such coverage defenses will ultimately be successful. (Disclosure Statement, §§ II.C.4 and IV.A.; Plan Art. V.P.)
	The Committee disputes that the proposed settlement with Cemetery Corporation is reasonable. (Obj. at 18-19.)	This is a confirmation issue. (Reply at III.) No further disclosure is necessary.
	The liquidation analysis fails to provide information about its fundamental assumptions, such as the amount of the withdrawal liability and whether there is a surplus or a deficit. (Obj. at 20.)	The Debtor's view of the withdrawal liability is included in the liquidation analysis. The Debtor has added language to the Disclosure Statement to describe the Committee's views. (Disclosure Statement, § XI.B.2.)

Objecting Party	Summary of Objection	Summary of Debtors' Response
	The Debtor states that the monetization of Ecclesia is equal in liquidation to the confirmed chapter 11 plan yet the Disclosure Statement indicates $35 million of value in Ecclesia through a loan. (Obj. at 21.)	The Debtor's position is that the ultimate monetization of Ecclesia through a chapter 11 case or a chapter 7 liquidation would be the same, if Ecclesia were converted to cash. The Debtor is not seeking to convert Ecclesia to cash through its chapter 11 case.
	The liquidation analysis discussion of liquidation costs does not address the costs of the Trusts in the Plan. (Obj. at 21.)	The Debtor's believes any estimate would be unduly speculative at this time. (Reply at II.A.)
	The liquidation analysis does not factor in the six percent being set aside for Future Claims. (Obj. at 21.)	The six percent being set aside for Future Claims does not impact the liquidation analysis. Future Claims are not broken out as a component in the chapter 11 or chapter 7 scenario, and are assumed to be the same in both.
	The liquidation analysis does not provide support for restricted cash and investments. (Obj. at 21.)	The liquidation analysis contains the Debtor's understanding with respect to restricted cash and investments but is not required to include supporting materials underlying the Debtor's position on the restrictions associated with such assets.
	The Disclosure Statement does not clarify whether the "dismissal toggle" is triggered if Abuse Claimants fail to meet the voting standards under section 1126(c) of the Bankruptcy Code or under the relevant *Purdue* factor. (Obj. ¶ 40.)	The Disclosure Statement needs no further revisions with respect to this issue. The Debtor's position is plain. If holders of Abuse Claims vote in sufficient numbers to accept the Plan under the Bankruptcy Code, the Debtor is not requesting that this chapter 11 case be automatically dismissed, even if that means that the releases included in the Plan may not be available. If that occurs, the Debtor will address what next steps may be appropriate at that time.
	The Disclosure Statement does not adequately describe the proposed Exit Facility. (Obj. at 21.)	The Debtor will provide the Exit Facility Documents prior to the Confirmation Hearing and this objection is premature. (Reply at II.N.) The Disclosure Statement now includes more detail on the proposed structure of the Exit Facility. (Disclosure Statement, § VIII)
	The Disclosure Statement misrepresents the Diocese's settlement with the DOE. (Obj. at 22.)	The Disclosure Statement references the fact that the DOE settlement is conditioned upon a consensual plan. (Disclosure Statement, § II.A.3.f.)

Objecting Party	Summary of Objection	Summary of Debtors' Response
	The Abuse Claimants should be given an opportunity to view the CVA Claims Documents before deciding on the Plan. (Obj. ¶ 43.)	The Debtor objects to this request and fully incorporates its *Objection to the Official Committee of Unsecured Creditor's Motion for Relief from Confidentiality Agreement* [D.I. 2801] herein.
	In the event that the Plan is not approved, dismissal is not the proper alternative. (Obj. ¶ 45.)	Without sufficient claimant support, based on the Court's ruling on the Committee's motion to dismiss, combined with the need for claimant support to confirm a plan in this case, and the Debtor's dissipating liquidity, immediate dismissal is warranted. (Reply at IV.A.)
	The proposed objection deadline of February 9, 2024, does not provide sufficient time for creditors to review the materials and decide whether to accept or reject the plan. (Obj. ¶ 46.)	The voting deadline complies with the FRBP and voting deadlines in analogous cases. (Reply at IV.B.)
	The Solicitation Package should include a letter from the Committee stating its opposition to the Plan. (Obj. ¶ 47.)	The Debtor agrees to include a Committee letter in the Solicitation Package. But the Committee has refused to provide one at this time.
	The Committee should have consent rights with respect to any extensions of the voting deadline. (Obj. ¶ 47.)	The Debtor opposes granting the Committee consent rights with respect to this issue. (Reply at IV.B.)
	Distinct Abuse claims should not be consolidated. (Obj. ¶ 47.)	The Debtor opposes this request. (Reply at IV.B.)
	The Committee should have consent rights with respect to acceptance or rejection of defective or invalid ballots. Defective ballots must be promptly brought to the attention of the Committee so the Committee can assist in correcting the issue. (Obj. ¶ 47.)	The Debtor opposes granting the Committee consent rights with respect to this issue. (Reply at IV.B.)
INSURERS		
Fireman's Fund Insurance Company, National Surety Corporation, and	Insurers' rights under the Plan are unclear because rights guaranteed by the Insurance Policies to participate in the investigation, settlement, or defense of any claim or suit against the insured were omitted, but expressly granted to other parties, as part of the Plan. (Obj. at 15.)	Insurers do not have standing to object to the Disclosure Statement. (Reply at 4-5.) Insurers rights are unaffected by the Plan because the Plan is insurance neutral. (Plan, Art. V.P.)

Objecting Party	Summary of Objection	Summary of Debtors' Response
Interstate Fire & Casualty Company **[D.I. 2787]**	Under the TDP, the Trustee is authorized to "exercise any and all rights available to it, if any, under applicable law," and "[t]he Trusts shall have the right to pursue the Accepted Settlement Recommendation through any appropriate legal mechanism." What constitutes "applicable law" or an "appropriate legal mechanism" is unclear and does not provide "adequate information." (Obj. at 15.)	Insurers do not have standing to object to the Disclosure Statement. (Reply at 4-5.) The TDPs are part of the Plan Supplement. In any event, it is the Debtor's position that the TDPs provide adequate information regarding applicable law.
	The Insurance Rights Transfer under the Plan and Disclosure Statement does not adequately describe what rights of the Debtor under the Insurance Policies are being transferred. (Obj. 16–17.)	The Insurance Rights Transfer is a straightforward application of New York law. (Reply at II.L.) Both "Insurance Rights" and "Insurance Rights Transfer" are defined in the Plan, and any and all Insurance Rights held by the Covered Parties are being assigned and transferred to the Trusts. (Plan, Art. I.A.77 and 78; IV.G.)
	The definition of Covered Parties impermissibly includes non-debtors and their interests. Section 541 of the Bankruptcy code only permits a bankruptcy court to exercise jurisdiction over the property of a debtor's estate, not the property of non-debtors. A non-debtor's interests in the Insurance Policies are not the property of the debtor's estate and cannot be assigned as contemplated under the Insurance Rights Transfer. The creditors cannot accept a plan that is in violation of the Bankruptcy Code. (Obj. 16–17.)	The insurance rights transfer does not render the plan unconfirmable. Other chapter 11 cases permit the transfer of insurance rights even when anti-assignment provisions exist in relevant insurance policies. Ample case law provides the authority of the court to transfer insurance rights. Finally, the Debtor added a savings clause to the Plan. (Plan Art. V.Q.1.; Reply at II.L.) The transfer of non-debtor property does not violate the Bankruptcy Code or preclude confirmation of a plan. *See In re Diocese of Camden, New Jersey*, 653 B.R. 309, 352 (Bankr. D.N.J. 2023) (citing 11 U.S.C. § 541*); In re Boy Scouts of Am. & Delaware BSA, LLC*, 642 B.R. 504, 670 (Bankr. D. Del. 2022), *supplemented*, No. 20-10343 (LSS), 2022 WL 20541782 (Bankr. D. Del. Sept. 8, 2022), *aff'd*, 650 B.R. 87 (D. Del. 2023), *and aff'd*, 650 B.R. 87 (D. Del. 2023). It is well settled that such assignments are permissible under New York state law. (Reply at II.L.) The Disclosure Statement already identifies the risk that the Plan may not be confirmed due to objections. Disclosure Statement § XV.A.

Objecting Party	Summary of Objection	Summary of Debtors' Response
	The Disclosure Statement does not provide adequate information about how the Insurance Rights Transfer does not meet the requirements of Section 363 or Section 365 of the Bankruptcy Code because it seeks to improperly transfer only the benefits of the Insurance Policies but not its burdens. (Obj. at 16-19.)	Debtor added LMI's proposed language to Section V.A.5 of the Disclosure Statement. (Reply at III.B.)
	The Plan cannot be approved because it does not notify creditors and other interested parties that the Insurance Rights Transfer may be invalidated by a state court. The Insurance Rights Transfer invalidates any contractual provision in the Insurance Policies that would make the Transfer otherwise unenforceable. Without notifying creditors and interested parties of this risk, the Disclosure Statement fails to provide adequate information for its approval. (Obj. at 19–21.)	The Insurance Rights Transfer is a straightforward application of New York law. (Reply at II.L. and III.C.) The insurers' contractual rights, including under the cooperation clauses, are fully reserved. (Disclosure Statement, §§ II.C.4 and IV.A. Plan, Art. V.P.)
	The use of the undefined phrase "applicable law" in the Plan and TDP, as opposed to "applicable non-bankruptcy law," is problematic because it leaves open the possibility that the state law rights and defenses held by the Insurers may not be preserved. (Obj. at 20.)	Applicable law is the law that may apply to the Insurance Policies under facts as they arise. No further language is needed to be added to the Disclosure Statement. The objection should be overruled.
Certain Underwriters at Lloyd's, Ancon Insurance Co. (UK) Ltd., Assicurazioni Generali T.S., Dominion Insurance Co. Ltd., Excess Insurance Co Ltd., London and Edinburgh General Insurance Co. Ltd., St. Katherine	The Plan is unconfirmable because the General Settlement Trustee has an irreconcilable conflict. (Obj. at 18.)	Insurers cite no support for this argument; other chapter 11 cases permit this; the logic of this argument would mean the Debtor is conflicted in defending abuse claims and seeking insurance recoveries. (Reply at III.B.)
	The Plan is unconfirmable because the court cannot approve the non-debtor insurance rights transfer. (Obj. at 20.)	The insurance rights transfer does not render the plan unconfirmable. Other chapter 11 cases permit the transfer of insurance rights even when anti-assignment provisions exist in relevant insurance policies. Ample case law provides the authority of the court to transfer insurance rights. Finally, the Debtor added a savings clause to the Plan. (Plan Art. V.Q.; Reply at II.L.) The transfer of non-debtor property does not violate the Bankruptcy Code or preclude confirmation of a plan. *See In re Diocese of Camden, New Jersey*, 653 B.R. 309, 352 (Bankr. D.N.J. 2023) (citing 11 U.S.C. § 541*); In re Boy Scouts of Am. & Delaware BSA, LLC*,

Objecting Party	Summary of Objection	Summary of Debtors' Response
Insurance Co. Ltd., Terra Nova Insurance Co. Ltd., Turegum Insurance Co. Ltd., Unionamerica Insurance Co. Ltd., and Yasuda Fire & Marine (UK) Ltd. **[D.I. 2786]**		642 B.R. 504, 670 (Bankr. D. Del. 2022), *supplemented*, No. 20-10343 (LSS), 2022 WL 20541782 (Bankr. D. Del. Sept. 8, 2022), *aff'd*, 650 B.R. 87 (D. Del. 2023), *and aff'd*, 650 B.R. 87 (D. Del. 2023). It is well settled that such assignments are permissible under New York state law. (Reply at II.L.) The Disclosure Statement already identifies the risk that the Plan may not be confirmed due to objections. Disclosure Statement § XV.A.
	The Disclosure Statement is inadequate because it fails to disclose the General Settlement Trustee's irreconcilable conflict. (Obj. at 21–22.)	Debtor added LMI's proposed language to Section V.A.5 of the Disclosure Statement. (Reply at III.B.)
	The Disclosure Statement does not adequately disclose that the court does not have jurisdiction to permit the transfer of non-debtor property. (Obj. at 21.)	For the reasons discussed in the Reply at II.L. and III.C, the insurance rights transfer is a straightforward application of New York law and is consistent with other chapter 11 cases. Finally, the Debtor added a savings clause to the Plan. Plan, Art. V.Q. No added disclosure is necessary and the objection should be overruled.
	The Disclosure Statement is inadequate because it fails to disclose that the LMI Policies are executory contracts that must be assumed before they can be assigned. (Obj. at 22.) a. The policies are executory contracts b. Debtor must assume and Settlement Trust must provide adequate assurance c. Both parties owe material future performance obligations, making the Policies executory	Debtor added proposed disclosure to Section VII.A of the Disclosure Statement. The Insurance Policies are not executory contracts. *See In re Diocese of Camden, New Jersey*, 653 B.R. 309, 351 (Bankr. D.N.J. 2023) (citations omitted) (cataloguing cases and ruling "that the Policies in this case are not executory. The 'obligations' [of the duty to defend and to pay SIRs] discussed by the Insurers do not render the Policies executory."). Even if they are executory contracts, the Debtor has provided adequate assurance of future performance because the Plan is insurance neutral and the General Settlement Trust will be adequately funded to pay defense and SIR costs. *In re Diocese of Camden, New Jersey*, 653 B.R. 309, 351 (Bankr. D.N.J. 2023) ("even assuming that the Policies are executory, the Court finds that the Plan Proponents have provided adequate assurance of performance, in that the Trust will have sufficient funding to pay any defense and SIR costs. Moreover, as is discussed in the Insurance Neutrality

Objecting Party	Summary of Objection	Summary of Debtors' Response
		section below, there is adequate assurance of future performance, because neither this nor any other plan can be confirmed unless the Insurers rights and defenses are preserved, including any defense related to the insured's failure to perform its obligations under the Policy.”).
	The Disclosure Statement is inadequate because it describes three different entities (the General Settlement Trust, the Litigation Administrator, and an Insurer) tasked with defending the Abuse Claims. The Disclosure Statement must clarify who will be doing what, and when. (Obj. at 25–26.)	The Insurers do not have standing to raise this argument at the Disclosure Statement stage. Reply at I. The Trust Agreements have been filed. Courts dealing with similar chapter 11 cases have approved disclosure statements notwithstanding the fact that the identity of a settlement trustee or members of an advisory committee are to be disclosed after its approval. (Reply at II.M.)
	The Disclosure Statement is inadequate because it fails to notify creditors that the Debtor is required to utilize a service organization as a condition precedent to coverage under LMI Policies. (Obj. at 26.)	The Debtor added the proposed language to Section V.A.10 of the Disclosure Statement.
	The Disclosure Statement does not provide adequate information because it fails to inform creditors the failure to perform the Debtor's additional obligations under the LMI policies will vitiate coverage. (Obj. at 26–27.)	The Debtor added the proposed language to Section V.A.10 of the Disclosure Statement.
	The Disclosure Statement is inadequate because its references to the assignment of Insurance Rights are inconsistent. (Obj. at 27–29.)	The Disclosure Statement provides adequate information regarding the Insurance Rights Transfer. The assignment of Insurance Rights pursuant to the Insurance Rights Transfer is a straightforward application of the assignment of insurance rights that is permissible under New York law. (Reply at II.L.)
Lexington Insurance Company **[D.I. 2788]**	Lexington joins in the objections filed by LMI [D.I. 2786] and Interstate [D.I. 2787]. (Obj. at 1.)	*See* responses to the objection filed by LMI and Interstate.

Objecting Party	Summary of Objection	Summary of Debtors' Response
Associated International Insurance Company **[D.I. 2790]**	Associated International joins in the objections filed by LMI [D.I. 2786] and Interstate [D.I. 2787]. (Obj. at 1.)	*See* responses to the objection filed by LMI and Interstate.
United States Trustee		
United States Trustee **[D.I. 2794]**	The Disclosure Statement fails to provide adequate information establishing what releases will be imposed on the creditors. (Obj. at 16–17.)	The Disclosure Statement provides adequate information establishing how the releases function. The Plan and the Disclosure Statement provide a clear explanation and identification of the released parties. (Disclosure Statement at Executive Summary.)
	The Disclosure Statement fails to provide adequate information establishing the likelihood of the Debtor's success in confirming a plan with such broad third-party releases. (Obj. at 16–17.)	This is a plan confirmation issue, not one of adequate information.
	The Disclosure Statement fails to provide adequate information establishing why the third-party releases are justified. (Obj. at 16–17.)	The Disclosure Statement provides adequate information regarding the channeling injunction and the material consideration provided by third parties. (Disclosure Statement at Executive Summary; Reply at II.K.)
	The Disclosure Statement fails to provide adequate information sufficient to satisfy the seven factors in *Purdue Pharma* necessary to determine whether a non-consensual non-debtor release is appropriate. (Obj. at 17–22.)	This is an objection to the substance of the Plan. Such objections are premature and not ripe for consideration. Objections to the substance of the Plan and releases should be considered at the plan confirmation hearing. Similarly, objections to the fact that overwhelming support for the Plan is unlikely is a confirmation issue, not one of adequate information. The Disclosure Statement provides adequate information regarding the channeling injunction and the material consideration provided by third parties. (Disclosure Statement at Executive Summary; Reply at II.K.)

Objecting Party	Summary of Objection	Summary of Debtors' Response
	The Disclosure Statement fails to provide adequate information as to the basis for the Court's authority to grant such releases. (Obj. at 17–22.)	The Disclosure Statement provides adequate information regarding the channeling injunction and the material consideration provided by third parties. (Disclosure Statement at Executive Summary; Reply at II.K.)
	The Disclosure Statement fails to provide Constitutional authority for the releases. (Obj. at 16–17, 21–22.)	Courts in the Second Circuit routinely approve releases like the releases proposed by the Debtor here. *See Purdue*, 69 F.4th 45 (2d Cir. 2023).
	The Disclosure Statement fails to establish that dismissal is the only alternative to implementation of the Plan. (Obj. at 18–20.)	Without sufficient claimant support, based on the Court's ruling on the Committee's motion to dismiss, combined with the need for claimant support to confirm a plan in this case, and the Debtor's dissipating liquidity, immediate dismissal is warranted. (Reply at IV.A.)
	Amounts paid by each of the Covered Parties is not disclosed. (Obj. at 18.)	Parish contributions are not disclosed. Individual parish contributions have never been required to be disclosed in any other diocesan chapter 11 case. Here, the Diocese has provided more information regarding parish and other released party financials than any other diocesan chapter 11 case. The absence of parish-by-parish contribution amounts does not mean the Disclosure Statement lacks adequate information, especially when, as here, the Debtor provided detailed historical parish financials. (Reply at II.D.)
	Creditors are not given the opportunity to opt in or out of releases. (Obj. at 20.)	Creditors are not given an opportunity to opt out of the releases. This issue is appropriately addressed at confirmation. Nonconsensual third-party releases are permissible in this District. *In re Purdue Pharma L.P.*, 69 F.4th 45, 72-77 (2d Cir. 2023).
	The Disclosure Statement provides insufficient information on Ecclesia's value. (Obj. at 20.)	The Debtor believes the Disclosure Statement provides adequate information on Ecclesia's value. *See* Disclosure Statement, § II.A.3.k; Amended Financial and Real Estate Disclosures D.I. 2752 Ex. C.
	The Disclosure Statement fails to provide adequate information sufficient to justify the Channeling Injunction, which	The Disclosure Statement provides adequate information regarding the channeling injunction and the material consideration provided by

Objecting Party	Summary of Objection	Summary of Debtors' Response
	essentially functions as an additional third-party release. (Obj. at 22–23.)	third parties. (Disclosure Statement at Executive Summary; Reply at II.K.)
	The Disclosure Statement does not address the Court's authority to impose the channeling injunction, the protection afforded to non-debtor parties without the consent of all affected creditors, and the consideration provided by the Covered Parties. (Obj. at 22–23.)	The Disclosure Statement contains significant disclosure about the channeling injunction, the Court's authority to impose it, and the consideration provided by Covered Parties. (Disclosure Statement at Executive Summary and § XIII.B; Reply at II.K.)
	The Exculpation Provision in the Disclosure Statement is inconsistent with 11 U.S.C. § 1125 and should not be approved. The Exculpation Provision violates the Debtor's good faith obligations to pay abuse survivors over protecting non-debtors. (Obj. at 23–25.)	The Plan's exculpation provision is consistent with applicable legal standards in this district. (*See infra*, Reply at III.A.)
	The Exculpation Provision is overly broad because it encompasses any action taken during and prior to the Chapter 11 cases. (Obj. at 23–25.)	The Debtor has removed the Reorganized Debtor from the definition of Exculpated Parties and clarified that the exculpation provision applies to actions from the Petition Date through the Effective Date. *See* Plan, Art. XI.H.
	The Exculpation Provision impermissibly extends after the Effective Date of the Plan. (Obj. at 23–25.)	See above.
	The Exculpation Provision is overbroad because it impermissibly exculpates parties who cannot be classified as estate fiduciaries. (Obj. at 23–25.)	The U.S. Trustee objects to the exculpation provisions in the Plan as "overly broad" and inconsistent with section 1125 of the Bankruptcy Code, arguing that exculpation provisions in this district are limited to "court-supervised fiduciaries" and should only cover "specific transactions approved by the Court." *See* U.S. Trustee Obj. at 23. The U.S. Trustee relies primarily on *In re Aegean Marine Petrol. Network Inc.*, 599 B.R. 717 (Bankr. S.D.N.Y. 2019) for this proposition. Yet, the court in *Aegean Marine* held when the court approves a transaction, the parties to that transaction should "not be subject to claims that effectively seek to undermine or second-guess th[e c]ourt's determinations." *In re Aegean Marine Petrol. Network Inc.*, 599 B.R. 717, 721 (Bankr. S.D.N.Y. 2019) ("a proper exculpation provision is a protection not only of court-supervised fiduciaries, but also of court-supervised and court-approved transactions."); *see also In re Granite Broad. Corp.*, 369 B.R. 120,

Objecting Party	Summary of Objection	Summary of Debtors' Response
		139 (Bankr. S.D.N.Y. 2007) (approving exculpation provision and noting that the effect of the provision is to require "that any claims in connection with the bankruptcy case be raised in the case and not be saved for future litigation."). Other courts in this district have overruled similar U.S. Trustee objections and approved exculpation provisions that included non-estate fiduciaries. *See In re LATAM Airlines Grp. S.A.*, No. 20-11254 (JLG), 2022 WL 2206829, at *50 (Bankr. S.D.N.Y. June 18, 2022) (overruling U.S. Trustee's objection to the inclusion of non-estate fiduciaries in the exculpation clause).
	The Exculpation Provision should permit claims for bad faith, breach of fiduciary duty, and legal malpractice. (Obj. at 25.)	The U.S. Trustee argues that release of claims based on legal malpractice is prohibited by the New York Rules of Professional Conduct. But, as the *LATAM Airlines* court held, there is "no merit" to this U.S. Trustee request because the New York Rules of Professional Conduct "ha[ve] no bearing on the standard of care established" in an exculpation provision. *See In re LATAM Airlines Grp. S.A.*, No. 20-11254 (JLG), 2022 WL 2206829, at *50 (Bankr. S.D.N.Y. June 18, 2022).
	The Exculpation Provision violates the Debtor's good faith obligations to pay abuse survivors over protecting non-debtors. (Obj. at 25.)	The Debtor disputes the characterization that the Debtor is preferring non-debtors over holders of Abuse Claims. The Plan is offering $200 million of consideration, over $100 million of which is sourced from third-party contributions. The U.S. Trustee's objection cites no support for this conclusory statement.
	The Disclosure Statement fails to provide adequate information establishing the percentage amount or range of amounts that voting creditors may expect to recover under the Plan and when they will receive it. (Obj. at 26.)	The recovery for Settling Abuse Claimants will be determined based on scaling factors as provided in the Trust Distribution Procedures, which are identical to the scaling factors proposed by the Committee's Trust Distribution Procedures. But, since the ultimate distributions are dependent on point allocations, recoveries for claimants cannot be determined until point allocations have been made. With respect to Litigating Abuse Claims, the amount a Litigating Abuse Claimant will receive can only be known after their claim has been reduced to judgment. By providing its estimate of the average recovery for holders of Abuse Claims, the Debtor has

Objecting Party	Summary of Objection	Summary of Debtors' Response
		satisfied, and even exceeded, the adequate information standard, but should not be required to do more. (Reply at II.A.)
	The Disclosure Statement's distribution instructions fail to provide adequate assurance that the creditors will have sufficient notice or time to respond to the information contained in the Solicitation Packages. (Obj. at 26–28.)	New York Rule of Professional Conduct 4.2 requires service of Solicitation Packages on attorneys and not their clients. The Debtor believes it is in compliance with FRBP 2002 in giving creditors sufficient notice and time to respond to information contained in the Solicitation Packages. (Reply at IV.C.)
	The Disclosure Statements are difficult to understand and the Ballots themselves are confusing for Abuse Claimants. (Obj. at 26–28.)	The solicitation materials include the information that the Debtor believes belongs on the ballots. Inclusion of additional materials in the ballots would only cause confusion and deter claimants from reviewing the TDP. (Reply at II.O.)
	The estimated amount of recovery per claimant should be included in the solicitation materials. (Obj. at 28.)	The estimated amount of average recovery per claimant is listed in the Disclosure Statement. (Disclosure Statement, § I.D)