

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY Caption in Compliance with D.N.J. LBR 9004-1	
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<i>In re:</i> THE DIOCESE OF CAMDEN, NEW JERSEY, Debtor.	Chapter 11 Case No. 20-21257 (JNP)

**MOTION OF THE OFFICIAL COMMITTEE OF TORT CLAIMANT CREDITORS
(I) COMPELLING THE DEBTOR TO FILE AMENDED SCHEDULES,
STATEMENTS OF FINANCIAL AFFAIRS AND MONTHLY OPERATING
REPORTS AND (II) HOLDING THE DEBTOR IN CONTEMPT OF COURT**

The Official Committee of Tort Claimant Creditors (the “**Committee**”) of The Diocese of Camden, New Jersey (the “**Debtor**” or the “**Diocese**”) files this motion (this “**Motion**”) for entry of an order, substantially in the form attached (the “**Proposed Order**”), (i) compelling the Debtor to file amended bankruptcy schedules, statements of financial affairs and monthly operating reports and (ii) holding the Debtor in contempt of court.

I.

PRELIMINARY STATEMENT¹

1. The integrity of the bankruptcy system rests on a debtor's accurate and complete disclosures. This Debtor has ignored those tenants, choosing instead to conceal over ***\$20 million*** of assets held in its name and for its benefit. At best, this failure is the result of novel accounting; at worst, and more likely, the Debtor is attempting to shield its assets from creditors while simultaneously failing to abide by this Court's Cash Management Order. These actions cast doubt onto the integrity of this bankruptcy process and warrant immediate remedial action by this Court.

2. Specifically, the Debtor:

- (i) failed to disclose in its Statements and Schedules and monthly operating reports the funds held in its name and for its benefit in the Deposit and Loan Fund, in the amount of at least ***\$23,094,581*** as of January 31, 2021; and
- (ii) concealed the opening of a bank account it was required to disclose to the United States Trustee and the Committee which has a current balance of over ***\$9 million***.

These material omissions are particularly egregious in light of the ongoing negotiations surrounding the Debtor's proposed plan, which the Committee can no longer meaningfully evaluate because the information it is predicated on is inaccurate. The Committee thus seeks to compel the Debtor to correct the misinformation it has publically filed and to hold the Debtor in contempt.

3. Contempt is an appropriate remedy where the Debtor has failed to fulfill its obligations as a Chapter 11 debtor, violated the terms of this Court's Cash Management Order, and deceived all parties in interest through its misstatements and omissions. Ironically, while it has been the Debtor consistently pointing the finger at the Committee for the expense and alleged

¹ Capitalized terms used but not defined in this Preliminary Statement have the meanings ascribed to them below.

delay in this case—an allegation the Committee will yet again disprove in associated pleadings soon to be filed—the Debtor now only has itself to blame for the time and expense its untruths have caused. At a minimum, the Debtor will now need to amend countless pleadings filed with this Court and should be compelled to refile its Proposed Plan and associated Disclosure Statement so that they are based on facts as they exist, not as the Diocese wants them to be.

4. In turn, the Committee requests that this Court adjourn the hearing on the adequacy of the Disclosure Statement currently scheduled for December 8, 2021 and require the Debtor to amend the Disclosure Statement. Under Section 1125(b) of the Bankruptcy Code, a party seeking chapter 11 bankruptcy protection has an affirmative duty to provide creditors with a disclosure statement containing adequate information to enable a creditor to make an informed judgment about the plan. *See* 11 U.S.C. § 1125(a)(1); *Krystal Cadillac-Oldsmobile GMC Truck, Inc. v. General Motors Corp.*, 337 F.3d 314, 321–22 (3d Cir. 2003). Debtors must therefore identify and disclose *all* property of the estate, including all of the debtor’s legal and equitable property interests. *Krystal*, 337 F.3d at 321. The Committee’s discovery of additional assets of the estate establishes that the Debtor’s obfuscation and posturing is an intentional distraction from its case strategy: to convince creditors that the Diocese is in dire financial straits so creditors will believe the meager distributions offered in the Proposed Plan are the best they can hope to receive in the Debtor’s Chapter 11 Case. Until the Debtor has corrected these material omissions and misrepresentations, its Disclosure Statement cannot be deemed to contain adequate information to enable creditors to make informed decisions about the Proposed Plan.

II.

JURISDICTION, VENUE, AND STATUTORY PREDICATES

5. This Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334 and the *Standing Order of Reference to the Bankruptcy Court Under Title 11 of the United States District Court for the District of New Jersey*, entered on July 23, 1984, and amended on September 18, 2012 (Simandle, C.J.). Venue is proper in this district under 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding under 28 U.S.C. § 157(b)(2).

6. The predicates for the sought relief are found in sections 105(a) of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rules 1009, 9014 and 9020 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

III.

BACKGROUND

7. On October 1, 2020 (the “**Petition Date**”), the Debtor commenced the above captioned bankruptcy case (the “**Chapter 11 Case**”) in this Court. On that same date, the Debtor filed its Schedules and Statement of Financial Affairs [Dkt. No. 1] which were later amended on October 6, October 19, and November 11, 2020 [Dkt. Nos. 41, 92, and 198] (as amended, the “**Statements and Schedules**”). No trustee or examiner has been appointed here and the Debtor continues to operate its business and manage its properties as a debtor-in-possession under Sections 1107(a) and 1108 of the Bankruptcy Code.

8. On October 23, 2020, the Office of the United States Trustee appointed the Committee under Section 1102(a)(1) of the Bankruptcy Code. Just after being retained, the Committee’s professionals, including both Berkeley Research Group (“**BRG**”) and Lowenstein Sandler LLP (collectively, the “**Committee Professionals**”), commenced an investigation into the

assets of the Debtor's estate. (Declaration of Matthew K. Babcock, dated November 16, 2021 ("**Babcock Decl.**") ¶ 4.)

9. On December 16, 2020, this Court entered the *Final Order (I) Authorizing the Diocese to Continue and Maintain its Existing Cash Management System, Bank Accounts and Business Forms; (II) Modifying the Investment Guidelines; and (III) Granting Related Relief* [Dkt. No. 284] ("**Cash Management Order**"). The Cash Management Order lists all of the Debtor's prepetition and postpetition bank accounts as identified by the Debtor, and authorized the Debtor to continue to use those accounts in the usual and ordinary course of business. (Cash Management Order ¶ 4.)

10. The Cash Management Order also permitted the Debtor to open additional bank accounts, but it required the Debtor to provide notice of the opening of any post-petition account with a bank or financial institution to the U.S. Trustee and counsel for the Committee within ten business days after such opening. (*Id.* ¶ 8.) The Cash Management Order provided that the U.S. Trustee would have 14 days from receipt of the notice to file any objection with regard to the opening of a new bank account. (*Id.*)

11. As part of the Committee's investigation, the Committee Professionals both informally and formally requested documents and information in connection with, among other things, the Debtor's banking and investment accounts, including, without limitation, disclosure of all assets held in the Debtor's Deposit and Loan Fund. (Babcock Decl. ¶ 4.) The Committee also requested a complete copy of the Debtor's native accounting system. (*Id.* ¶ 5.) In response, the Debtor provided the Committee selected portions of its native accounting system for ten years before the Petition Date. (*Id.*) The accounting system data provided by the Debtor went up through approximately January 31, 2021. (*Id.*) Additionally, in January 2021, the Committee requested

account statements and other documents from PNC Bank, N.A. (“**PNC**”) from January 1, 2010 through the Petition Date in connection with the Debtor and the Chapter 11 Case (the “**PNC Subpoena**”). (*Id.* ¶ 6.)

12. On October 12, 2021, the Debtor filed its *First Amended Plan of Reorganization* [Dkt. No. 870] (the “**Proposed Plan**”) and *First Amended Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code Describing Chapter 11 Plan Proposed by the Debtor-In-Possession* [Dkt. No. 869] (the “**Disclosure Statement**”). A hearing on approval of the Disclosure Statement is scheduled for December 8, 2021.

A. The Debtor Opens A Bank Account Postpetition in Violation of this Court’s Cash Management Order

13. The Committee recently discovered that, in contravention of the Cash Management Order, the Debtor opened a new account postpetition at PNC titled “DOC CHFS Investment Fund” with account number ending in 5836 (the “**Postpetition Account**”). (Babcock Decl. ¶ 7.) The balance in the Postpetition Account was \$9,723,777.68 as of August 31, 2021. (*Id.*) The Debtor has not disclosed the opening of this account to the Committee as required by the Cash Management Order. (*Id.* ¶ 8.) The Committee is unaware of whether the Debtor provided notice and an opportunity to the U.S. Trustee to object to the opening of the Postpetition Account.²

14. As noted above, the Committee issued the PNC Subpoena requesting all account statements and account establishment documentation for the Diocese’s accounts from January 1,

² This is not the first time that the Debtor has failed to identify its bank accounts accurately. In the *Supplemental Objection of the United States Trustee to Debtor’s Motion for an Order (i) Authorizing the Diocese to Continue and Maintain its Existing Cash Management System, Bank Accounts, Credit Cards and Business Forms, (ii) Modifying the Investment Guidelines, (iii) Providing the United States Trustee With a 60-Day Objection Period, and (iv) Granting Related Relief* [Dkt. No. 234], the U.S. Trustee asserted that “the Debtor did not disclose all of its Bank Accounts in its Cash Management System in the Cash Management Motion.” (*Id.* ¶ 3.) The U.S. Trustee continued that it “has had difficulty determining which accounts are owned by the Debtor. As set forth in the Limited Objection, Debtor has provided or filed numerous documents that set forth different information. . . . Neither the U.S. Trustee, the Court nor any creditors should be required to guess.” (*Id.* ¶ 4 n.3).

2010 through the Petition Date. (*Id.* ¶ 9.) In response to the PNC Subpoena, PNC provided voluminous responsive documents relating to all of the accounts of which the Committee was aware, but did not provide any documents related to the Postpetition Account. (*Id.*) This establishes that the Debtor opened the Postpetition Account after the Chapter 11 Case was filed. (*Id.*)

15. It is unclear where the funds in the Postpetition Account came from and whether that account was funded by transfer from pre-existing DLF accounts. (*Id.* ¶ 10.) The Debtor has not provided the requisite information and documentation to verify the source of funding of the Postpetition Account, or the date which the Postpetition Account was created and/or funded. (*Id.*) If the Postpetition Account was funded by cash or assets that the Diocese had as of the Petition Date, the Diocese should have included such cash or assets in the Statements and Schedules.

16. Similarly, the Debtor did not disclose the opening of the Postpetition Account in any of its monthly operating reports (“**MORs**”) from October 2020 to August 2021.³ The U.S. Trustee has exercised its discretion to require debtors to file bank statements and bank reconciliations that reflect all bank accounts and banking transactions as supporting documentation to MORs. *See* 28 C.F.R. § 58.8 (d)(3)(vi). The supporting MOR documents in the MORs that the Debtor has filed to date—specifically, the Debtor Questionnaire—included the question: “Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required

³ MORs for September and October 2021 have not yet been filed, despite the September MOR being due on October 21, 2021.

documentation pursuant to the Delaware Local Rule 4001-3.”⁴ For every MOR that the Debtor has filed in this Chapter 11 Case, the Debtor checked “No.”⁵

17. The Debtor similarly did not include bank statements for the Postpetition Account in the MORs, despite checking the box indicating that the attached supporting documentation included “[a]ll bank statements and bank reconciliations for the reporting period.” (See Dkt. Nos. 265, 297, 373, 461, 544, 597, 655, 676, 736-1, 802-1, and 856-1.) Each MOR was signed by Laura Montgomery, the Debtor’s Chief Financial Officer, on behalf of the Diocese, under penalty of perjury with a declaration that the MOR and its supporting documentation are true and correct.

B. The Debtor Fails to Report its Assets in the Deposit and Loan Fund

18. The Committee also discovered that the Debtor consistently inaccurately reported its assets in its MORs; specifically, the Debtor failed to include the funds held in its name and for its benefit in the Deposit and Loan Fund (“**DLF**”). (Declaration of Paul N. Shields, dated November 16, 2021 (“**Shields Decl.**”) ¶ 4.) DLF is the term used in the Diocese’s audited financial statements to describe its cooperative investment and lending program. (*Id.*) Parishes and other affiliates of the Diocese, as well as the Diocese itself (as was recently confirmed to the Committee), make deposits into the DLF. (*Id.*)

19. Some of the funds deposited into the DLF have been loaned (“**DLF Loans**”) to the Debtor’s parishes (the “**Parishes**”) and other affiliates. (*Id.* ¶ 5.) Funds deposited into the DLF that have not been loaned to Parishes and other affiliates are held in cash and investment accounts

⁴ It appears that the Debtor utilized an MOR form for Delaware instead of New Jersey.

⁵ See October 2020 Monthly Operating Report, Dkt. No. 265 at 54; November 2020 Monthly Operating Report, Dkt. No. 297 at 55; Corrected December 2020 Monthly Operating Report, Dkt. No. 373 at 63; January 2021 Monthly Operating Report, Dkt. No. 461 at 56; February 2021 Monthly Operating Report, Dkt. No. 544 at 52; March 2021 Monthly Operating Report, Dkt. No. 597 at 56; April 2021 Monthly Operating Report, Dkt. No. 655 at 54; May 2021 Monthly Operating Report, Dkt. No. 676 at 61; Amended June 2021 Monthly Operating Report, Dkt. No. 736-1 at 57; July 2021 Monthly Operating Report, Dkt. No. 802-1 at 69; August 2021 Monthly Operating Report, Dkt. No. 856-1 at 57.

at PNC (“**DLF Cash and Investments**”). (*Id.*) These PNC banking and investment accounts are in the name of the Diocese. (*Id.*)

20. The Diocese’s August 2021 MOR reports DLF Loans of \$42,191,992. (*Id.* ¶ 6.) As of the Petition Date, the Diocese reported DLF Loans of \$44,265,625.⁶ (*Id.*) While the Diocese reported DLF Cash and Investments as property held for another as of the Petition Date, it has not referred to DLF Cash and Investments in any MOR since the inception of the Chapter 11 Case, nor has it reported a DLF Cash and Investments balance in any MOR.⁷ (*Id.*) As of the Petition Date, the DLF Cash and Investments balance was \$95,135,419, and \$117,279,418 as of August 31, 2021. (*Id.*) Upon a comparison of the documents received from the Debtor on the DLF and the MORs, BRG discovered a discrepancy between the assets in the DLF held on behalf of the Diocese and those disclosed on the MORs. (*Id.*)

21. The Disclosure Statement identifies the DLF Cash and Investments, but notes only that “these accounts hold funds in trust for the Parishes in accordance with the Trust Agreements.” (Disclosure Statement at 32.) The Disclosure Statement does not indicate that the Debtor has funds in its name in the DLF, and the DLF is not listed as an asset of the Debtor. (*See id.* at 47–68.)

22. The Diocese reflects DLF Cash and Investments as property held for another in its bankruptcy schedules, and excludes DLF Cash and Investments from its MORs based on the assertion that DLF Cash and Investments are purportedly held in trust for Parishes and other affiliates. The Debtor also contends that a certain undisclosed portion of the funds in the DLF, both on its own behalf and “in trust” for its affiliates, are restricted, and therefore need not be

⁶ While the Diocese’s bankruptcy schedules report DLF Loans of \$44,265,625, the MORs report DLF Loans as of the Petition Date of \$43,895,873.

⁷ The Diocese has reported an investment balance of \$288,369 in every MOR since the Petition Date, and cash balances range from approximately \$10 million to \$16 million. However, none of the investment balance or cash balances are part of the DLF Cash and Investments.

disclosed. However, that position does not exempt the Debtor from disclosing all assets held in its name.

23. Based on the Committee's analysis of the DLF Cash, and Investments banking and investment account records at PNC and accounting data from the Diocese Navision accounting system, at a minimum, the Diocese should have reported the Diocese portion of DLF Cash and Investments at \$23,094,581 as of January 31, 2021.⁸ (Shields Decl. ¶ 7.)

24. The Diocese asserts that some portion of the DLF Cash and Investments is restricted. While the alleged restrictions are being investigated by the Committee, schedules provided by the Diocese as of August 31, 2021, indicate that restrictions associated with the Diocese portion of the DLF Cash and Investments were approximately \$12.8 million. (*Id.* ¶ 8.)

25. Several times, the Committee Professionals raised with the Debtor's professionals the issue of the nominal investment balance reported in the MORs. (*Id.* ¶ 9.) On October 12, 2021, the Committee sent a letter to counsel for the Debtor, with a copy to the U.S. Trustee's Office, which repeated these concerns and requested that the Debtor prepare and file amended MORs to correct these errors. (*Id.* ¶ 10.) To date, the Debtor has not responded to the Committee's October 12, 2021 letter, other than to acknowledge receipt, and no corrective disclosures have been made by the Debtor. (*Id.* ¶ 11.)

IV.

RELIEF REQUESTED AND REASONS THEREFOR

26. Under Section 105(a) of the Bankruptcy Code and Bankruptcy Rules 1009, 9014 and 9020, the Committee seeks the entry of an order:

⁸ January 31, 2021, is the most recent date for which accounting data from the Diocese's Navision accounting system has been provided, and which enables BRG to calculate the Diocese portion of DLF Cash and Investments that should have been reported in the January 2021 MOR.

- (i) Requiring the Debtor to file amended statements, schedules, and MORs correcting the issues specified above;
- (ii) Requiring the Debtor to provide the Committee with a native copy of its full accounting system from its inception to the present;
- (iii) Requiring the Debtor to provide the Committee with account opening documents and bank statements for the Postpetition Account from its inception to the present;
- (iv) Barring Laura Montgomery from signing further MORs or amended statements and schedules;
- (v) Adjourning the hearing on the Debtor's Disclosure Statement currently scheduled for December 8, 2021;
- (vi) Requiring the Debtor to file an amended Disclosure Statement that reflects the DLF Cash and Investments in the Debtor's name;
- (vii) Holding the Debtor in contempt of Court.

A. The Debtor Should Be Compelled to Amend Its Financial Disclosures

27. Under the Bankruptcy Code, debtors have an affirmative duty of full disclosure. *In re Kane*, 628 F.3d 631, 636 (3d Cir. 2010); *Ryan Ops. G.P. v. Santiam-Midwest Lumber Co.*, 81 F.3d 355, 362 (3d Cir. 1996); *In re Blount*, 624 B.R. 590, 597 (Bankr. D.N.J. 2020). Section 521 of the Bankruptcy Code requires the debtor to file with the court a schedule of assets and liabilities and a statement of the debtor's financial affairs. 11 U.S.C. § 521(1); *Ryan Ops.*, 81 F.3d at 362; *see In re Grasso*, 490 B.R. 500, 507 (Bankr. E.D. Pa. 2013) ("By filing for bankruptcy relief, the Debtor must accept certain obligations in exchange for his receipt of the benefit of a discharge. Paramount among those obligations is the obligation of complete disclosure by the Debtor of all assets in which he may hold an interest."). Section 521(a)(1) of the Bankruptcy Code requires a debtor to "file necessary declarations adequately, honestly, and in good faith." *Blount*, 624 B.R. at 597 (quoting *Kane*, 628 F.3d at 636). "Because such disclosure allows the trustee and the creditors to determine whether to pursue these assets the importance of full and honest disclosure cannot be overstated." *Id.* at 597–98 (quoting *Kane*, 628 F.3d at 636) (further citations omitted).

28. A debtor's accurate and timely financial disclosures are the bedrock of the bankruptcy system, so much so that a bankruptcy court has stated that "[r]efusal or inability to provide financial disclosure sounds the death knell of a Chapter 11 case." *In re Tornheim*, 181 B.R. 161, 164 (Bankr. S.D.N.Y. 1995); *see also Grasso*, 490 B.R. at 507 ("[T]he bankruptcy process may not be used to frustrate [the debtor's] creditors' legitimate efforts to ascertain the scope of estate assets and to prevent their dissipation. The privilege of discharge requires the [d]ebtor to disclose for the benefit of his creditors *all information* relating to his property rights.").

29. This concept is embodied in the Bankruptcy Code, the Bankruptcy Rules, and in the U.S. Trustee Guidelines. Under 11 U.S.C. §§ 704(7) and (8), made applicable in chapter 11 cases by 11 U.S.C. §§ 1106(a)(1) and 1107(a) and Bankruptcy Rule 2015, a debtor must supply certain reports about the estate's administration and the operation of the debtor's post-petition business as prescribed by the U.S. Trustee Operating Guidelines and Reporting Requirements for Chapter 11 Case. Indeed, under Section 704(a)(7), the Debtor must "furnish such information concerning the estate and the estate's administration as is requested by a party in interest" unless the court orders otherwise. 11 U.S.C. § 704(a)(7). Bankruptcy Rule 1007(b) requires a debtor to file statements and schedules. *See* Fed. R. Bankr. P. 1007(b). Bankruptcy Rule 1008 requires the petition, lists, statements, schedules, and amendments thereto to be verified or contain an unsworn declaration. *See* Fed. R. Bankr. P. 1008. And 28 C.F.R. § 58.8 requires chapter 11 debtors to file monthly operating reports which "must be certified under penalty of perjury that they are true and correct by an individual who is authorized under applicable law to certify on behalf of the debtor." 28 C.F.R. § 58.8(i).

30. In fact, the failure to file accurate statements, schedules, and monthly operating reports is so serious that bankruptcy courts have deemed it cause for dismissal under 11 U.S.C. §

1112(b)(4)(F). *See, e.g., In re Korn*, 523 B.R. 453, 465 (Bankr. E.D. Pa. 2014) (finding that “cause” existed for conversion or dismissal where the debtor filed schedules and statements with significant omissions, which were repeated in the initial plan and disclosure statement); *In re Tornheim*, 181 B.R. at 164 (“The failure to file monthly operating statements . . . ‘whether based on inability to do so or otherwise, undermines the Chapter 11 process and constitutes cause for dismissal or conversion of the Chapter 11 proceedings.’”) (citations omitted); *In re Costa Bonita Beach Resort*, 513 B.R. 184, 199 (Bankr. D.P.R. 2014) (finding cause to dismiss or convert existed under section 1112(b)(4)(F) where the debtor filed four missing monthly operating reports just before the hearing began on the motion to dismiss); *In re Fite, LLC*, 2018 Bankr. LEXIS 1327, at *14 (Bankr. D. Or. Apr. 30, 2018) (finding cause for dismissal under section 1112(b)(4)(F) because of the failure to file accurate schedules and statement of financial affairs, to report specific assets, and to file complete monthly operating reports). Rather than seek wholesale dismissal, here the Committee seeks only to have the Debtor file amended statements, schedules, MORs, and an amended Disclosure Statement so that all parties to the case can be accurately informed regarding the Debtor’s assets. Without the required information regarding *all* of the Debtor’s assets, any analysis of the Debtor’s Proposed Plan will be incomplete, particularly given the Debtor’s insistence that it does not have adequate assets to pay unsecured creditors in full.

31. This Court can and should order the Debtor to amend its Statements and Schedules under Bankruptcy Rule 1009 and Section 105(a) of the Bankruptcy Code. Bankruptcy Rule 1009(a) provides that “[o]n motion of a party in interest, after notice and a hearing, the court may order any voluntary petition, list, schedule, or statement to be amended. . . .” *See also In re Wyse*, No. 14-34514, 2015 WL 5144888 at *3 (Bankr. N.D. Ohio Aug. 28, 2015) (ordering debtor to amend its petition to properly reflect a creditor’s status under Fed. R. Bankr. P. 1009(a)); *In re*

Corbi, 149 B.R. 325, 328–29 (Bankr. E.D.N.Y. 1993) (court entered order amending debtor’s schedules under Fed. R. Bankr. P. 1009(a)). Additionally, under Section 105(a) of the Bankruptcy Code, this Court “may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].”⁹ “Such orders are necessary ‘to protect the integrity of the Bankruptcy Code as well as the judicial process,’ and to enable bankruptcy courts to maintain order and control over the cases before them.” *In re Schemelia*, 607 B.R. 455, 462 (Bankr. D.N.J. 2019) (Poslusny, J.) (quoting *In re Antonelli*, No. 11-20255/JHW, 2012 WL 280722, at *13 (Bankr. D.N.J. Jan. 30, 2012) (further citations omitted)).

32. As described above, the Debtor’s Statements and Schedules and MORs throughout the Chapter 11 Case have failed to include significant assets of the estate. The Debtor should have to file documents correcting those omissions and, finally, provide accurate financial disclosures to this Court and all parties in interest in this case.

B. The Debtor Should Be Held in Contempt for Violating the Cash Management Order and Filing Inaccurate Statements and Schedules

33. Section 105 of the Bankruptcy Code, together with Bankruptcy Rule 9020,¹⁰ allows the bankruptcy court to exercise contempt powers. *In re Lands End Leasing, Inc.*, 220 B.R. 226, 233 (Bankr. D.N.J. 1998); see *In re Faiella*, No. 05-50986 (RTL), 2008 WL 1790410, at *6 (Bankr. D.N.J. Apr. 18, 2008) (“A bankruptcy court is vested with the power ‘to enforce its subpoenas and

⁹ Section 105(a) further provides:

No provision of [the Bankruptcy Code] providing for the raising of an issue by a party in interest shall be construed to preclude the court from, sua sponte, taking any action or making any determination necessary or appropriate to enforce or implement court orders or rules, or to prevent an abuse of process.

¹⁰ 11 U.S.C. § 105(a).
Under Bankruptcy Rule 9020, a motion for an order of contempt is governed by Rule 9014. Fed. R. Bankr. P. 9020. Bankruptcy Rule 9014 in turn provides the procedures for requesting relief by motion in contested matters. See Fed. R. Bankr. P. 9014.

orders by the power of civil contempt.”) (quoting *Riley v. Sciaba (In re Sciaba)*, 334 B.R. 524, 526 (Bankr. D. Mass. 2005) (further citations omitted)). The purposes of sanctions in a civil contempt proceeding are to coerce the contemnor into complying with an order of the court and to compensate the harmed party for losses sustained because of the contempt. *Faiella*, 2008 WL 1790410 at *6; *Sciaba*, 334 B.R. at 526.

34. Bankruptcy courts within the Third Circuit regularly exercise their contempt power under Section 105(a) to remedy violations of court orders. A court may impose civil contempt sanctions where there is clear and convincing evidence that (1) a valid order of the court existed; (2) the defendant had knowledge of the order; and (3) the defendant disobeyed the order. *Roe v. Operation Rescue*, 54 F.3d 133, 137 (3d Cir. 1995); *In re Meyers*, 344 B.R. 61, 65 (Bankr. E.D. Pa. 2006). Willfulness is not a necessary element of civil contempt. *Robin Woods, Inc. v. Woods*, 28 F.3d 396, 399 (3d Cir. 1994); *Lands End Leasing*, 220 B.R. at 234.

35. Here, the Cash Management Order is clear: it requires that notice *shall* be provided to the U.S. Trustee and the Committee within ten days of the opening of a new bank account. *See Meyers*, 344 B.R. at 65 (“[A] valid order is one whose terms are specific and definite.”) (citing *Close v. Edison (In re Close)*, No. 93–17145DWS, Adv. No. 03–0153, 2003 WL 22697825, at *10 (Bankr. E.D. Pa. Oct. 29, 2003)). The Debtor knew about the Cash Management Order and disobeyed it by failing to provide the requisite notice after opening the Postpetition Account. The notice requirement was not merely symbolic; it provided the U.S. Trustee an opportunity to file an objection to the opening of the bank account. It was also designed to provide information crucial to the Committee’s investigation, particularly given the Committee’s suspicions from the inception of this case that the Debtor was concealing assets.

36. This Court should also hold the Debtor in contempt for filing inaccurate Statements and Schedules and MORs. Contempt is an appropriate remedy where a debtor has made “‘coy or incomplete disclosures’ that force the court to ‘ferret out pertinent information.’” *In re Jackson*, 401 B.R. 333, 339 (Bankr. N.D. Ill. 2009) (quoting *In re Saturley*, 131 B.R. 509, 517 (Bankr. D. Me. 1991)).¹¹ In *In re Jackson*, the court sanctioned debtor’s counsel for failing to disclose legal fees paid to that counsel on Rule 2016 disclosure statements and on the debtor’s statement of financial affairs (SOFA). *Id.* at 338–41. The debtor filed a SOFA that said no payments were made to anyone for consultation concerning relief under the bankruptcy laws, while the debtor had made two retainer payments to counsel. *Id.* at 340. The court noted that the debtor “‘did not refrain from answering the SOFA question; he answered it and answered it falsely. [The debtor’s] false statements on the two SOFAs served only to cloud the compensation picture further.’” *Id.*

37. Here, the Debtor has not merely clouded the picture regarding its own cash position, but has clouded the entire picture regarding its assets—the same assets it asserts cannot pay creditors in full. In doing so, it has thwarted the investigation that the Committee has spent time and resources diligently conducting for the past year. The lack of full disclosure about the Debtor’s assets has made it impossible for all parties in interest, and for this Court, to assess the Debtor’s Proposed Plan. The Disclosure Statement—which is supposed to provide complete and accurate information to enable creditors to make an informed judgment about the plan—does not disclose that some of the DLF Cash and Investments are held in the Debtor’s name and thus underreports the Debtor’s assets. Holding the Debtor in contempt is appropriate here, given that the lack of disclosure has and will permeate the entire Chapter 11 Case.

¹¹ *In re Jackson* has been cited approvingly by this Court. See *In re Busillo*, No. 15-15627 (JNP), 2018 WL 6131767 at *2, *4 (Bankr. D.N.J. Oct. 29, 2018) (Poslusny, J.).

C. The Committee's Requested Relief Is Appropriate

38. This Court has the authority to impose various types of sanctions in response to civil contempt. *Lands End Leasing*, 220 B.R. at 234; *In re Baker*, 195 B.R. 309, 320 (Bankr. D.N.J. 1996); cf. *Off. Comm. of Unsecured Creditors of Cybergenics Corp. ex rel. Cybergenics Corp. v. Chinery*, 330 F.3d 548, 567–68 (3d Cir. 2003) (bankruptcy courts have the equitable power to craft flexible remedies that, while not expressly authorized by the Code, effect the result the Code was designed to obtain). “Sanctions pursuant to section 105(a) include monetary damages, as well as ‘other relief as necessary and appropriate to prevent such abuse.’” *In re Hopkins*, No. 18-28111-ABA, 2019 WL 6357249, at *7 (Bankr. D.N.J. Nov. 19, 2019) (quoting *In re Suh*, 17-17221-ABA, 2018 WL 2113092, at *9 (Bankr. D.N.J. May 4, 2018) (further citations omitted)). “In determining an appropriate sanction, the court should consider the goals of compensation to the injured party, punishment and deterrence.” *Id.* (quoting *In Re Glob. Prot. USA, Inc.*, 546 B.R. 586, 631 (Bankr. D.N.J. 2016) (further citations omitted)). “The sanction ‘should be tailored to fit the particular wrong.’” *Id.* (quoting *Glob. Prot. USA*, 546 B.R. at 631) (further citations omitted)).

39. The Committee seeks the following relief specifically to remedy the Debtor’s ongoing refusal to provide accurate information about its financial condition:

- (i) The Debtor should provide the Committee with a native copy of its full accounting system;
- (ii) The Debtor should provide the Committee with account opening documents and bank statements for the Postpetition Account from its inception to the present;
- (iii) Laura Montgomery should be prohibited from signing further MORs or amended statements and schedules; and

- (iv) The hearing on the adequacy of the Debtor's Disclosure Statement currently scheduled for December 8, 2021 should be adjourned to allow the Debtor to amend it to correct the misrepresentations identified herein.¹²

WHEREFORE, the Committee requests that this Court (i) grant the sought relief in the same form or substantially the same form as the Proposed Order attached, and (ii) grant such other and further relief as this Court deems just and proper.

Dated: November 16, 2021

LOWENSTEIN SANDLER LLP

/s/ Jeffrey D. Prol _____

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*Counsel to the Official Committee of Tort
Claimant Creditors*

¹² The lack of disclosure regarding the DLF noted in this Motion is just one of the many deficiencies in the Disclosure Statement. The Committee will file an objection to the Disclosure Statement explaining all of the inadequacies with the Disclosure Statement in more detail.

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY Caption in Compliance with D.N.J. LBR 9004-1	
LOWENSTEIN SANDLER LLP Jeffrey D. Prol, Esq. Michael A. Kaplan, Esq. Brent Weisenberg, Esq. One Lowenstein Drive Roseland, NJ 07068 Telephone: (973) 597-2500 Email: jprol@lowenstein.com Email: mkaplan@lowenstein.com Email: bweisenberg@lowenstein.com <i>Counsel to the Official Committee of Tort Claimant Creditors</i>	
In re: THE DIOCESE OF CAMDEN, NEW JERSEY, Debtor.	Chapter 11 Case No. 20-21257 (JNP)

**DECLARATION OF MATTHEW K. BABCOCK IN SUPPORT OF THE MOTION
OF THE OFFICIAL COMMITTEE OF TORT CLAIMANT CREDITORS (I)
COMPELLING THE DEBTOR TO FILE AMENDED SCHEDULES, STATEMENTS
OF FINANCIAL AFFAIRS AND MONTHLY OPERATING REPORTS
AND (II) HOLDING THE DEBTOR IN CONTEMPT OF COURT**

I, Matthew K. Babcock, hereby declare under penalty of perjury, pursuant to section 1746 of title 28 of the United States Code, as follows:

1. I am a Director at Berkeley Research Group, LLC ("**BRG**"), a financial advisory services firm that maintains offices at 201 South Main, Suite 450, Salt Lake City, Utah 84111. BRG was retained as financial advisor to the Official Committee of Tort Claimant Creditors (the "**Committee**") of The Diocese of Camden, New Jersey (the "**Debtor**"), which has filed a voluntary petition under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") commencing this chapter 11 case (the "**Chapter 11 Case**").

2. I submit this declaration (the “**Declaration**”) in support of the *Motion of the Official Committee of Tort Claimant Creditors (I) Compelling the Debtor to File Amended Schedules, Statements of Financial Affairs and Monthly Operating Reports and (II) Holding the Debtor in Contempt of Court* (the “**Motion**”) filed simultaneously herewith.

3. Except as otherwise indicated, all of the facts set forth in this Declaration are based upon my personal knowledge, my discussions with members of the Committee’s other advisors, my review of relevant documents and information concerning the Debtor’s operations, financial affairs, and restructuring initiatives, or my opinions based upon my experience and knowledge. If called as a witness, I could and would testify competently to the facts set forth in this Declaration. I am authorized to submit this Declaration on behalf of the Committee.

4. Just after being retained, the Committee’s professionals, including both Berkeley Research Group (“**BRG**”) and Lowenstein Sandler LLP (collectively, the “**Committee Professionals**”), commenced an investigation into the assets of the Debtor’s estate. As part of the Committee’s investigation, the Committee Professionals both informally and formally requested documents and information in connection with, among other things, the Debtor’s banking and investment accounts, including, without limitation, disclosure of all assets held in the Debtor’s Deposit and Loan Fund (the “**DLF**”).

5. The Committee also requested a complete copy of the Debtor’s native accounting system. In response, the Debtor provided the Committee selected portions of its native accounting system for ten years before the Petition Date. The accounting system data provided by the Debtor went up through approximately January 31, 2021.

6. In January 2021, the Committee requested account statements and other documents from PNC Bank, N.A. (“**PNC**”) from January 1, 2010 through the Petition Date in connection with the Debtor and the Chapter 11 Case (the “**PNC Subpoena**”).

7. The Committee recently discovered that, in contravention of the Cash Management Order, the Debtor opened a new account postpetition at PNC titled “DOC CHFS Investment Fund General” with account number ending in 5836 (the “**Postpetition Account**”). On November 6, 2021, the Debtor produced to the Committee Professionals a PNC account statement for the Postpetition Account for the period of August 1 to August 31, 2021. That statement shows that the balance in the Postpetition Account was \$9,723,777.68 as of August 31, 2021.

8. To date, the Debtor has not disclosed the opening of the Postpetition Account to the Committee as required by the Cash Management Order.

9. As noted above, the Committee issued the PNC Subpoena requesting all account statements and account establishment documentation for all of the Diocese’s accounts from January 1, 2010 through the Petition Date. In response to the PNC Subpoena, PNC provided voluminous responsive documents relating to all of the accounts of which the Committee was aware, but did not provide any documents related to the Postpetition Account. This establishes that the Debtor opened the Postpetition Account after the Chapter 11 Case was filed.

10. It is unclear where the funds in the Postpetition Account came from and whether that account was funded by transfer from pre-existing DLF accounts. The Debtor has not provided the requisite information and documentation to verify the source of funding of the Postpetition Account, or the date which the Postpetition Account was created and/or funded.

11. The Postpetition Account has not been disclosed or identified in any filing in this Chapter 11 Case, including the following which specifically required disclosure of such information:

- (1) Chapter 11 Voluntary Petition, which includes the Debtor's Schedules, & Statement of Financial Affairs [Dkt. No. 1], to the extent the funds in the Postpetition Account existed prepetition and were not already included in the statements and schedules
- (2) Declaration of Laura J. Montgomery Regarding the Diocese's Assets and Operations and in Support of the Chapter 11 Petition and First Day Pleadings [Dkt. No. 4]
- (3) Motion for an Order (i) Authorizing the Diocese to Continue and Maintain its Existing Cash Management System, Bank Accounts, Credit Cards, and Business Forms, (ii) Modifying the Investment Guidelines, (iii) Providing the United States Trustee with a 60-Day Objection Period, and (iv) Granting Related Relief [Dkt. No. 7]
- (4) Interim Order (i) Authorizing the Diocese to Continue and Maintain its Existing Cash Management System, Bank Accounts, Credit Cards, and Business Forms, (ii) Modifying the Investment Guidelines, (iii) Providing the United States Trustee with a 60-Day Objection Period, and (iv) Granting Related Relief [Dkt. No. 34]
- (5) Amended Schedules and Amended Statement of Financial Affairs [Dkt. Nos. 41 & 42], to the extent the funds in the Postpetition Account existed prepetition and were not already included in the statements and schedules.
- (6) Amended Declaration of Laura J. Montgomery Regarding the Diocese's Assets and Operations and in Support of the Chapter 11 Petition and First Day Pleadings [Dkt. No. 43]
- (7) Monthly Operating Reports [Dkt. Nos. 265, 297, 373, 461, 544, 597, 655, 676, 736-1, 802-1, & 856-1]

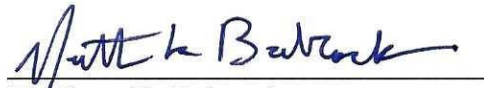
12. Even assuming the Postpetition Account was not formed until after certain of the above pleadings were filed, at a minimum, the Postpetition Account should have been:

- (1) Disclosed pursuant to the Cash Management Order;
- (2) Reported in the monthly operating reports for each month since the Postpetition Account was established; and

- (3) Disclosed in amended Schedules and Statements of Financial Affairs, to the extent the funds in the Postpetition Account existed pre-petition and were not already included in the statements and schedules.

I declare under penalty of perjury under the law of the United States of America that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: November 16, 2021



Matthew K. Babcock
Director
Berkeley Research Group, LLC

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY Caption in Compliance with D.N.J. LBR 9004-1	
LOWENSTEIN SANDLER LLP Jeffrey D. Prol, Esq. Michael A. Kaplan, Esq. Brent Weisenberg, Esq. One Lowenstein Drive Roseland, NJ 07068 Telephone: (973) 597-2500 Email: jprol@lowenstein.com Email: mkaplan@lowenstein.com Email: bweisenberg@lowenstein.com <i>Counsel to the Official Committee of Tort Claimant Creditors</i>	
In re: THE DIOCESE OF CAMDEN, NEW JERSEY, Debtor.	Chapter 11 Case No. 20-21257 (JNP)

**DECLARATION OF PAUL N. SHIELDS IN SUPPORT OF THE MOTION OF
THE OFFICIAL COMMITTEE OF TORT CLAIMANT CREDITORS (I)
COMPELLING THE DEBTOR TO FILE AMENDED SCHEDULES,
STATEMENTS OF FINANCIAL AFFAIRS AND MONTHLY OPERATING
REPORTS AND (II) HOLDING THE DEBTOR IN CONTEMPT OF COURT**

I, Paul N. Shields, hereby declare under penalty of perjury, pursuant to section 1746 of title 28 of the United States Code, as follows:

1. I am a Managing Director at Berkeley Research Group, LLC (“**BRG**”), a professional services and financial advisory firm that maintains offices at 201 South Main, Suite 450, Salt Lake City, Utah 84111. BRG was retained as financial advisor to the Official Committee of Tort Claimant Creditors (the “**Committee**”) of The Diocese of Camden, New Jersey (the “**Debtor**”), which has filed a voluntary petition under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) commencing this chapter 11 case (the “**Chapter 11 Case**”).

2. I submit this declaration (the “**Declaration**”) in support of the *Motion of the Official Committee of Tort Claimant Creditors (I) Compelling the Debtor to File Amended Schedules, Statements of Financial Affairs and Monthly Operating Reports and (II) Holding the Debtor in Contempt of Court* (the “**Motion**”) filed simultaneously herewith.

3. Except as otherwise indicated, all of the facts set forth in this Declaration are based upon my personal knowledge, my discussions with members of the Committee’s other advisors, my review of relevant documents and information concerning the Debtor’s operations, financial affairs, and restructuring initiatives, or my opinions based upon my experience and knowledge. If called as a witness, I could and would testify competently to the facts set forth in this Declaration. I am authorized to submit this Declaration on behalf of the Committee.

4. The Committee has discovered that the Debtor consistently inaccurately reported its assets in its monthly operating reports (“**MORs**”); specifically, the Debtor failed to include the funds held in its name and for its benefit in the Debtor’s Deposit & Loan Fund (the “**DLF**”). DLF is the term used in the Diocese’s audited financial statements to describe its cooperative investment and lending program. Parishes and other affiliates of the Diocese, as well as the Diocese itself (as was recently confirmed to the Committee), make deposits into the DLF.

5. Some of the funds deposited into the DLF have been loaned (“**DLF Loans**”) to the Debtor’s parishes (“**Parishes**”) and other affiliates. Funds deposited into the DLF that have not been loaned to Parishes and other affiliates are held in cash and investment accounts at PNC Bank (“**DLF Cash and Investments**”). These PNC Bank banking and investment accounts are in the name of the Diocese.

6. The Diocese's August 2021 MOR reports DLF Loans of \$42,191,992. As of October 1, 2020, (the "**Petition Date**"), the Diocese reported DLF Loans of \$44,265,625.¹ While the Diocese reported DLF Cash and Investments as property held for another as of the Petition Date, it has not referred to DLF Cash and Investments in any MOR since the inception of the Diocese bankruptcy, nor has it reported a DLF Cash and Investments balance in any MOR.² As of the Petition Date, the DLF Cash and Investments balance was \$95,135,419, and \$117,279,418 as of August 31, 2021. Upon a comparison of the documents received from the Debtor regarding the DLF and the MORs, BRG discovered a discrepancy between the assets in the DLF held on behalf of the Diocese and those disclosed on the MORs.

7. Based on BRG's analysis of DLF Cash and Investments banking and investment account records at PNC and accounting data from the Diocese Navision accounting system, at a minimum, the Diocese should have reported the Diocese portion of DLF Cash and Investments at \$23,094,581 as of January 31, 2021.³

8. The Diocese asserts that some portion of the DLF Cash and Investments is restricted. While the alleged restrictions are being investigated by the Committee, schedules provided by the Diocese as of August 31, 2021, indicate that restrictions associated with the Diocese portion of the DLF Cash and Investments were approximately \$12.8 million.

¹ While the Diocese bankruptcy schedules report DLF Loans of \$44,265,625, the MORs report DLF Loans as of the Petition Date of \$43,895,873.

² The Diocese has reported an investment balance of \$288,369 in every MOR since the Petition Date, and cash balances range from approximately \$10 million to \$16 million. However, none of the investment balance or cash balances are part of the DLF Cash and Investments.

³ January 31, 2021, is the most recent date for which accounting data from the Diocese's Navision accounting system has been provided, and which enables BRG to calculate the Diocese portion of DLF Cash and Investments that should have been reported in the January 2021 MOR.

9. Several times, the Committee Professionals raised with the Debtor's professionals the issue of the nominal investment balance reported in the MORs.

10. On October 12, 2021, the Committee's Professionals sent a letter (the "**MOR Letter**") to counsel for the Debtor, with a copy to the U.S. Trustee's Office, which repeated these concerns and requested that the Debtor prepare and file amended MORs to correct these errors.

11. I am informed that, to date, the Debtor has not responded to the MOR Letter, other than to acknowledge receipt, and no corrective disclosures have been made by the Debtor.

12. To date, the MORs filed by the Debtor do not disclose any assets or accounts related to the DLF.

I declare under penalty of perjury under the law of the United States of America that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: November 16, 2021

/s/ Paul N. Shields
Paul N. Shields
Managing Director
Berkeley Research Group, LLC

<p>UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY Caption in Compliance with D.N.J. LBR 9004-1</p>
<p>LOWENSTEIN SANDLER LLP Jeffrey D. Prol, Esq. Michael A. Kaplan, Esq. Brent Weisenberg, Esq. One Lowenstein Drive Roseland, NJ 07068 Telephone: (973) 597-2500 Email: jprol@lowenstein.com Email: mkaplan@lowenstein.com Email: bweisenberg@lowenstein.com</p> <p><i>Counsel to the Official Committee of Tort Claimant Creditors</i></p>
<p><i>In re:</i></p> <p>THE DIOCESE OF CAMDEN, NEW JERSEY, Debtor.</p>

Chapter 11

Case No. 20-21257 (JNP)

**ORDER (I) COMPELLING THE DEBTOR TO FILE AMENDED SCHEDULES,
STATEMENTS OF FINANCIAL AFFAIRS, AND MONTHLY OPERATING REPORTS
AND (II) HOLDING THE DEBTOR IN CONTEMPT OF COURT**

The relief set forth on the following pages, numbered two (2) through and including three (3), is hereby **ORDERED**.

Page: 2
Debtor: The Diocese of Camden, New Jersey
Case No.: 20-21257 (JNP)
Caption: *Order (I) Compelling the Debtor to File Amended Bankruptcy Schedules, Statements of Financial Affairs, and Monthly Operating Reports and (II) Holding the Debtor in Contempt of Court*

Upon the *Motion of the Official Committee of Tort Claimant Creditors* (the “**Committee**”) (I) *Compelling the Debtor to File Amended Schedules, Statements of Financial Affairs, and Monthly Operating Reports* and (II) *Holding the Debtor in Contempt of Court* (the “**Motion**”),¹ and the Court having reviewed the Motion and any objections thereto; and the Court having jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334; and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and consideration of the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and the Court having determined that the relief sought by the Motion is in the best interests of the Debtor, its estate, and creditors; and after due deliberation and good and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is hereby granted as set forth herein.
2. Within ten (10) days of the entry of this Order, the Debtor shall file amended statements, schedules, and MORs to (i) disclose the existence of, and assets in, the Postpetition Account and (ii) disclose the DLF funds held in the name of the Debtor.
3. Within ten (10) days of the entry of this Order, the Debtor shall provide the Committee with a native copy of its full accounting system from its inception to the present.

¹ All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

Page: 3

Debtor: The Diocese of Camden, New Jersey

Case No.: 20-21257 (JNP)

Caption: *Order (I) Compelling the Debtor to File Amended Bankruptcy Schedules, Statements of Financial Affairs, and Monthly Operating Reports and (II) Holding the Debtor in Contempt of Court*

4. Within ten (10) days of the entry of this Order, the Debtor shall provide the Committee with account opening documents and bank statements for the Postpetition Account from its inception to the present.

5. Laura Montgomery is hereby barred from signing further MORs or amended statements and schedules.

6. The hearing on the Debtor's Disclosure Statement currently scheduled for December 8, 2021, and any deadlines associated therewith, are hereby adjourned until a date to be decided by this Court after the Debtor has filed satisfactory and factually accurate amended Schedules and Statements and MORs.

7. In any amended Disclosure Statement that the Debtor chooses to file, the Disclosure Statement shall reflect the DLF Cash and Investments that are in the Debtor's name, whether restricted, unrestricted, or allegedly held in trust.

8. The Debtor is hereby held in contempt of Court.

9. This Order shall be effective immediately upon entry.

10. The Court shall retain jurisdiction with respect to all matters and disputes arising out of or relating to this Order.