

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re: Chapter 11
THE DIOCESE OF ST. CLOUD, a Minnesota Case No. 20-60337
religious corporation,
Debtor.

**NOTICE OF HEARING AND MOTION FOR ORDER (I) GRANTING EXPEDITED
RELIEF, (II) AUTHORIZING CONTINUED USE OF THE DEBTOR'S CASH
MANAGEMENT SYSTEM, AND (III) AUTHORIZING MAINTENANCE OF THE
DEBTOR'S EXISTING BANK ACCOUNTS**

TO: The United States Bankruptcy Judge, the United States Trustee, and other parties in interest as specified in Local Rule 9013-3(a)(2).

The Diocese of St. Cloud, the debtor and debtor in possession in this case, moves the court for the expedited relief requested below and gives notice of a hearing on its motion:

1. The court will hold a telephonic hearing on this motion at 9:30 a.m. (CDT) on June 18, 2020. Parties interested in attending the hearing should contact Judge Kressel's calendar clerk, Lynn Hennen, at (612) 664-5250 for the call-in information.

2. Given the expedited nature of this motion, Local Rule 9006-1(e) governs the deadline for responding to this motion and provides that responses may be filed not later than two hours before the scheduled time for the hearing, unless otherwise authorized by the court.

PURSUANT TO LOCAL RULE 9013-2, UNLESS A RESPONSE OPPOSING THE MOTION IS TIMELY FILED, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT A HEARING.

3. This court has jurisdiction over this motion pursuant to 28 U.S.C. §§ 157(b)(2) and 1334, Bankruptcy Rule 5005, and Local Rule 1070-1. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The debtor filed the petition commencing this case on June 15, 2020.

4. The debtor files this motion under 11 U.S.C §§ 105(a), 345, and 363, Bankruptcy Rules 6003, 6004 and 9014, and Local Rules 9013-1 through 3. The debtor requests expedited relief under Bankruptcy Rule 9006(c) and Local Rule 9006-1(e). The debtor provides notice of the hearing on this motion under Bankruptcy Rule 2002(a) and Local Rules 9013-3 and 2002-1(b).

5. The debtor respectfully requests that the court authorize the continued use of its existing cash management system and bank accounts as debtor in possession accounts, thereby waiving certain of the Operating Guidelines and Reporting Requirements promulgated by the Office of United States Trustee (the “**Operating Guidelines**”) that ordinarily require closure of all prepetition bank accounts and maintenance of a separate account for tax payments.

6. The debtor seeks this relief on an expedited basis because it does not differ materially from the Operating Guidelines and will help avoid possible disruptions and distractions that could divert the debtor’s attention from more pressing matters during the initial days of this case.

I. BACKGROUND

On June 15, 2020, the debtor commenced this case by filing a voluntary Chapter 11 petition. The debtor is a debtor in possession under 11 U.S.C. §§ 1107 and 1108.

Additional background information about the debtor is set forth in the *Declaration of Bishop Donald J. Kettler in Support of Chapter 11 Petition and First Day Motions* (the “**Kettler**

Declaration”). Joseph Spaniol, Finance Officer, also verified the additional facts set forth below, as evidenced by the attached verification.

II. THE DEBTOR’S EXISTING BANK ACCOUNTS

The debtor maintains four bank accounts and three investment accounts. Five of the accounts are held at U.S. Bank, N.A, one is maintained at Bremer Bank, N.A., and one is held by Charles Schwab. All of the Diocese’s accounts are listed on **Exhibit A** attached hereto and described more fully below.

A. Accounts Holding Estate Funds.

Chancery Checking Account (U.S. Bank)

The Chancery Checking Account is the debtor’s primary operating account, used to pay the majority of its expenses, including payroll. In addition to payments by check from this account, certain payments are made automatically. For example, the debtor’s payroll processor, BerganKDV, Ltd., automatically withdraws amounts directly from the Chancery Checking Account to prepare and disperse payroll to the debtor’s employees. BerganKDV also automatically withdraws amounts to be paid on account of federal and state taxes, Medicare, and Social Security directly from this account, as well as to pay BerganKDV’s small monthly fee. U.S. Bank automatically withdraws monthly banking, electronic deposit, and fraud prevention fees of approximately one thousand dollars. Vanco Payment Services is the debtor’s card and online payment processor. It automatically withdraws a monthly fee of \$120. Optum Bank manages a Health Savings Account for the debtor’s employees and automatically withdraws the monthly fee of \$15. The debtor seeks authority to permit these automatic payments to continue postpetition. As of the petition date, the Chancery checking account held approximately \$173,232.41.

**Annual Appeal Checking Account
(U.S. Bank)
RESTRICTED FUNDS**

The debtor holds funds raised from the Bishop's Annual Appeal—the debtor's primary fundraising event—in this checking account. Monies in this account fund the Diocese's ministries and the services that they provide. The funds in this account are donor-restricted, and the debtor can use the funds only for specific purposes. The debtor cannot use the funds for general operating expenses. The debtor pays donor-specified ministry expenses directly from this account when possible. To the extent certain donor-specified ministry expenses cannot be paid directly from this account, such as certain ministry payroll expenses included in the debtor's general payroll, such expenses are paid from the Chancery Checking Account, and then the Annual Appeal Checking Account promptly reimburses the Chancery Checking Account. A wide range of individual donors contribute directly to this account, with certain of the contributions occurring automatically. As of the petition date, the account held approximately \$226,000.

**Diocese of St. Cloud Settlement AGY Account
(U.S. Bank)**

The debtor maintains an investment account at U.S. Bank. This investment account contained approximately \$14.2 million on the petition date. All funds in this account are invested in certificates of deposit, each of which is under the \$250,000 FDIC insurance limit. The debtor generated these funds prepetition from various sources, including: (i) selling certain assets owned by the debtor (as disclosed in the debtor's statement of financial affairs), (ii) settling a dispute over insurance coverage of sex abuse claims with its insurance company—Arrowood Indemnity Company, and (iii) settling benefits coverage with Catholic Mutual Relief Society of America. The debtor segregated the funds in this account for the purpose of funding a consensual Chapter 11 plan of reorganization that will, among other things, compensate sex abuse survivors.

Diocese Investment Account
(Charles Schwab)

The Diocese maintains an investment account at Charles Schwab. Charles Schwab manages these investment funds, and such funds are invested in low-risk bonds (85%) and index mutual funds (15%). Certain restricted funds (donor restricted), unrestricted funds, and funds held for others are pooled by Charles Schwab for investment purposes only.

The debtor maintains a complete and accurate accounting of the origin of the funds, and gains, losses, and income on these investments are allocated pro rata to each such category of funds in the debtor's books and records. As of the petition date, the account held total investments worth approximately \$782,927. Approximately \$318,027 of this amount was unrestricted and available for the debtor's general use. The remainder consists of restricted funds and funds held for the benefit of third parties.

Annuity Fund
(Bremer Bank)

This account holds reserves for charitable gift annuities. As consideration for each annuitant's contribution, the debtor agreed to pay an annuity to the annuitant during his or her life. Upon receipt of an annuitant's contribution, the debtor calculated the amount necessary to fund the annuity based on actuarial models and deposited that portion of the annuitant's contribution in an investment account at Bremer Bank. The amount required to fund the annuities is regularly recalculated and the debtor increases or decreases the amount held on account at Bremer Bank, as needed. Bremer Bank manages the account and makes annuity payments directly to the annuitants pursuant to the agreement between the debtor and each annuitant. At the end of each annuitant's life, Bremer Bank disperses the remainder of the annuitant's invested contribution to the debtor. Therefore, for the remainder of each annuitant's lifetime, the debtor is contractually obligated to

disperse the agreed-upon annuity payments to each annuitant. As of the petition date, this account held approximately \$332,863.

B. Accounts Holding Non-Estate Property

**Special Collections Account
(U.S. Bank)
CUSTODIAL TRUST ACCOUNT**

This account holds donations collected by parishes for donor-restricted purposes, such as natural disaster relief or other non-diocesan programs and organizations. The debtor sends funds directly from this account to the organization or cause for which they were donated. Managing this account is one of the services the debtor provides to its constituents. However, because the amounts in this account are donated for non-diocesan programs and organizations, the funds do not belong to the debtor, the funds are not property of the estate, and the debtor can only use the funds in accordance with the donor-restrictions. The debtor never uses any of these funds for operating expenses and never transfers the funds to any other debtor account. As of the petition date, this account contained approximately \$192,872.

**Trust Account
(U.S. Bank)
CUSTODIAL TRUST ACCOUNT**

In 1999, the Last Will and Testament of John A. Otto created a remainder trust for the benefit of Joseph E. Furman, Sr. The will named the debtor as the trustee. During his life, Mr. Furman is entitled to the interest from the trust. Mr. Furman does not serve any known role in the Diocese. Upon Mr. Furman's death, the debtor must distribute the corpus to the Society for the Propagation of Faith for the Diocese of St. Cloud, Inc., a wholly separate corporation from the debtor. The debtor is attempting to discover if Mr. Furman is living. The debtor does not have

any present or future interest in the corpus or income of the trust. As of the petition date, this account contained approximately \$6,320.

III. RELIEF REQUESTED

The debtor seeks expedited relief to avoid serious disruptions to its operations, and so that it can focus on its ministries and its reorganization efforts. Waiving the Operating Guidelines' requirements and authorizing the continued use of its accounts and cash management system will facilitate a smooth transition into Chapter 11 and preserve the debtor's resources, benefitting all stakeholders.

A. Operating Accounts

Maintenance of the debtor's operating accounts—the Chancery Account and Annual Appeal Account—is necessary because certain automatic payments are made to and from the accounts and funds are donated to one or more of the accounts from many sources. Compelling the debtor to close these accounts, open new debtor in possession accounts, and adopt a new cash management system would be expensive and time consuming. Adding this administrative burden to the debtor's case would unnecessarily impede the debtor's ability to reorganize.

B. Diocese Investment Accounts

The Schwab investment account and the Diocese of St. Cloud Settlement AGY Account are not typical bank accounts. Rather, the debtor's funds reside in multiple investments managed by a third party. Closing these accounts would serve no legitimate or rehabilitative purpose. Instead, the value of the debtor's investments would likely suffer considerably. Maintaining the Schwab investment account and the Diocese of St. Cloud Settlement AGY Account is necessary and appropriate under the circumstances.

Similarly, the amounts invested in the Annuity Fund benefit the annuitants during their lifetimes. Annuitants expect that the debtor will maintain sufficient amounts in the annuity investment account to continue making annuity payments, and the debtor is committed to honoring its obligations under the annuity agreements. Because Bremer Bank has long maintained and administered the Annuity Fund, it would be inefficient and burdensome to move those funds to another bank. Closing this account would likely cause the investments held therein to suffer, and would serve no rehabilitative purpose. The debtor should therefore be permitted to maintain the Annuity Fund and to direct Bremer Bank continue making annuity payments therefrom.

C. Accounts Holding Non-Estate Assets

The funds in the Special Collections Account do not belong to the debtor and are not property of the estate. Funds in that account are merely held until the debtor can disburse them for their intended purpose. These funds are not available to the debtor and do not bear on the debtor's reorganization efforts. Moreover, upon collection of donations for these specific purposes (special collections), parishes deposit some of the funds automatically into the Special Collections Account. Closing this account and opening a new one would disrupt these donations and affect those meant to receive them.

Similarly, the funds held in the Trust Account do not belong to the debtor and are not property of the estate. The will appointing the debtor as trustee expressly provided that the funds are to be held for the benefit of others. The debtor is therefore acting merely as trustee, with no beneficial interest. Therefore, the Trust Account does not bear on the debtor's reorganization efforts.

Compelling the debtor to open new accounts for funds in which it has no beneficial interest would not affect property of the estate or positively impact this case. Rather, it would merely serve

to complicate the debtor's operations at a time when the debtor must focus all of its energy on its reorganization efforts.

WHEREFORE, the debtor respectfully requests entry of an order:

- A. Granting the expedited relief requested in this motion;
- B. Authorizing the postpetition maintenance and continued use of the debtor's bank accounts and cash management system, as described in the motion;
- C. Authorizing and directing the debtor's banks to accept and honor all representations or instructions from the debtor as to which checks, drafts, wire transfers, or other transfers should be honored or dishonored and granting the banks absolute authority to follow such representations and instructions, regardless of the particular transferee named on an item, the date of such item (prepetition or postpetition), and the banks' knowledge or belief as to the existence of court authorization for the transfer;
- D. Directing that the banks are not required to honor any item as to which there are insufficient funds in the applicable account and any such bank will not have any liability to any party for relying on such representations by the debtor;
- E. Authorizing and directing the debtor's banks to debit the debtor's accounts in the ordinary course of business without need for further order of the court for: (i) all checks, items, and other payment orders drawn on the debtor's accounts that were cashed at such bank's counters or exchanged for cashier's checks by the payees thereof prior to the bank's receipt of notice of filing of the petition; (ii) all checks, automated clearing house entries, and other items deposited or credited to the debtor's accounts with such bank prior to the petition date that have been dishonored, reversed, or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the debtor was responsible for such items prior to the

petition date; and (iii) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any bank as service charges for the maintenance of any cash management system;

F. Waiving the Operating Guidelines that would otherwise require the debtor to close its bank accounts;

G. Authorizing the debtor to use and maintain the bank accounts as debtor in possession accounts;

H. Authorizing the debtor to direct Bremer Bank to continue making annuity payments to annuitants from the Annuity Fund;

I. Authorizing Charles Schwab to continue to invest and manage the funds in the Schwab Investment account;

J. Waiving the Operating Guidelines that would otherwise require the debtor to maintain a separate tax payment account;

K. Waiving the debtor's compliance with the requirements of Bankruptcy Code § 345(b);

L. Finding that the relief requested in this motion is necessary to avoid immediate and irreparable harm under Bankruptcy Rule 6003;

M. Finding that notice of this motion is good and sufficient and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice;

N. Authorizing the immediate effect of its order, notwithstanding Bankruptcy Rule 6004(h); and

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O. Granting such other and further relief as the court deems just and proper under the circumstances.

Dated: June 15, 2020.

QUARLES & BRADY LLP

/s/ Susan G. Boswell

Susan G. Boswell (AZ Bar No. 004791)

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Proposed Counsel for the Debtor

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re: Chapter 11
THE DIOCESE OF ST. CLOUD, a Minnesota religious corporation, Case No. 20-60337
Debtor.

VERIFICATION OF JOSEPH SPANIOL

I, Joseph Spaniol, Finance Officer of The Diocese of St. Cloud, declare under penalty of perjury that the facts in the motion and the memorandum are true and correct to the best of my knowledge, information, and belief.

Executed on: June 15, 2020



Joseph Spaniol

EXHIBIT A

BANK ACCOUNTS

<u>Financial Institution</u>	<u>Account Type</u>	<u>Account Description</u>	<u>Account Number (Last Four Digits)</u>
Accounts Holding Funds That Are Property Of The Estate			
U.S. Bank	Checking Account	Chancery Checking Account. This is the debtor's primary operating account.	3014
U.S. Bank	Checking Account [RESTRICTED]	Annual Appeal Checking Account. Holds all funds raised from Bishop's Annual Appeal. The funds held in this account are donor-restricted for specific purposes. The debtor cannot use the funds for general operating expenses.	1561
U.S. Bank	Investment Account	Settlement AGY Account. Holds funds received from insurance and benefits coverage settlements and asset sales, which have been set aside primarily to compensate sexual abuse survivors through a consensual Chapter 11 plan of reorganization.	2750
Charles Schwab	Investment Account	Schwab Investment Account. Contains unrestricted funds, restricted funds, and funds held for the benefit of third parties. All funds are pooled for investment purposes.	9473
Bremer Bank	Investment Account	Annuity Fund. Holds amounts invested to fund annuity payments for the benefit of annuitants.	5508
Accounts Holding Funds That Are Not Property Of The Estate			
U.S. Bank	Checking Account [CUSTODIAL TRUST ACCOUNT]	Special Collections Account - Holds donations raised by parishes for a restricted, non-diocesan purposes. The debtor has no right to these funds.	0179
U.S. Bank	Savings Account [CUSTODIAL TRUST ACCOUNT]	Trust Account - Holds funds in trust pursuant to a 1999 will. The debtor serves as trustee of the funds. The debtor has no right to the corpus or the interest.	5240

INFORMATION ON INVESTMENT ACCOUNTS

The debtor maintains three separate investment accounts, the Schwab Investment Account, the Settlement AGY Account, and the Annuity Fund.

The debtor, through Charles Schwab, invests the Schwab Investment Account funds in classes of assets consisting mostly of low-risk bonds (85%) and index mutual funds (15%). Charles Schwab manages that account. The funds which are invested in this account are unrestricted funds, restricted funds (donor restricted), and funds held for the benefit of third parties which are pooled for investment purposes only. The debtor maintains a complete and accurate accounting of the origin of the funds, and gains, losses and income on these investments are allocated pro rata to each such category of funds in the debtor's records.

The Settlement AGY Account funds are invested in certificates of deposit, all of which are under the FDIC insurance limit. Their anticipated use is primarily to compensate abuse survivors through a consensual Chapter 11 plan of reorganization.

The debtor invests the Annuity Fund amounts to fund annuity payments to the annuitants listed in the debtor's schedules. Bremer Bank manages the Annuity Fund and makes quarterly payments directly to the annuitants.

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re: Chapter 11
THE DIOCESE OF ST. CLOUD, a Minnesota Case No. 20-60337
religious corporation,
Debtor.

**MEMORANDUM IN SUPPORT OF DEBTOR’S MOTION FOR ORDER (I) GRANTING
EXPEDITED RELIEF, (II) AUTHORIZING CONTINUED USE OF THE DEBTOR’S
CASH MANAGEMENT SYSTEM, AND (III) AUTHORIZING MAINTENANCE OF
THE DEBTOR’S EXISTING BANK ACCOUNTS**

The debtor submits this memorandum in support of its motion seeking (a) expedited relief, (b) waiver of certain of the Operating Guidelines and Reporting Requirements promulgated by the Office of United States Trustee (the “**Operating Guidelines**”) that ordinarily require closure of all prepetition bank accounts and maintenance of a separate account for payment of taxes, and (c) authorization to (i) to maintain and use its cash management system, and (ii) maintain and use its existing bank accounts as debtor in possession accounts.

I. BACKGROUND

The facts relevant to this memorandum are set forth in the verified motion.

II. LEGAL ANALYSIS

A. The court should grant the debtor’s request for expedited relief.

The debtor seeks a waiver of the requirements that it close its current bank accounts and open new debtor in possession accounts. Strict compliance with these requirements would disrupt the debtor’s operations, thereby impeding the debtor’s reorganization efforts. As described in the

motion, the debtor's bank accounts are either central to the debtors' operations and cash management system, or hold funds that do not belong to the debtor and should not be impacted by this case. Disrupting the debtor's bank accounts and cash management system would serve no legitimate or rehabilitative purpose and would be destructive to operation of the debtors' business and ministries. The court should therefore grant expedited relief.

B. Maintenance of the cash management system is warranted.

1. Use of Existing Accounts and Related Relief.

Courts have long recognized that strictly enforcing the requirement that a debtor close its bank accounts and open new debtor in possession accounts does not always serve Chapter 11's rehabilitative purposes. Accordingly, courts regularly waive this requirement and permit debtors to maintain their existing bank accounts and cash management systems, treating this relief as a relatively "simple matter." *See, e.g., In re Baldwin-United Corp.*, 79 B.R. 321, 327 (Bankr. S.D. Ohio 1987). In addition, the Operating Guidelines (requiring a debtor to close all prepetition accounts and open new debtor in possession accounts) do not have the force of law, and the court may excuse compliance with certain portions of such guidelines. *See In re Gold Standard Baking, Inc.*, 179 B.R. 98, 104 (Bankr. N.D. Ill. 1995) (citing *In re Johnson*, 106 B.R. 623 (Bankr. D. Neb. 1989)). For this reason, courts in this district have granted similar relief in other diocesan reorganizations. *See, e.g., In re Diocese of Winona-Rochester*, Case No. 18-33707, Docket No. 47; *In re The Diocese of New Ulm*, Case No. 17-30601, Docket No. 28; *In re Diocese of Duluth*, Case No. 15-50792, Docket No. 18; *In re Archdiocese of Saint Paul and Minneapolis*, Case No. 15-30125, Docket No. 52.

If the debtor cannot maintain and use its current accounts and cash management system, the resultant prejudice will include: (a) disruption in its ordinary financial affairs and business operations; (b) delay in the administration of the debtor's estate and impact on the services it provides; and (c) increased costs to the debtor and its estate to set up new systems, open new accounts, and initiate new electronic transfers. With the protections identified in the motion, the oversight of the Office of the United States Trustee, and the unsecured creditors' committee that is almost certain to be formed in this case, there is little concern that any party will be prejudiced if the court approves the relief requested in the motion.

Therefore, the debtor requests authority to maintain and continue to use its bank accounts and cash management system. The debtor further requests authority to deposit funds in and withdraw funds from such accounts by all usual means, including, but not limited to, checks, wire transfers, automated clearinghouse transfers, electronic funds transfers and other debits, and to treat the existing accounts for all purposes as debtor in possession accounts. The debtor will stamp (or print upon) each postpetition check with the phrase: "DEBTOR IN POSSESSION ACCOUNT; CASE NO. 20-60337."

2. Waiver of Operating Guideline Regarding Separate Tax Account.

The debtor also seeks a waiver of the Operating Guidelines' requirement that the debtor establish specific bank accounts for tax payments. As a non-profit religious corporation, the debtor's tax obligations are minimal, limited to employee payroll withholding taxes. The debtor's assets do not include property tax parcels, as the debtor's real property is exempt from property taxes. The debtor can efficiently pay tax obligations (if any) as it did prepetition, and the United States Trustee and any committee that is appointed can monitor such payments based on the debtor's monthly operating reports. In addition, the debtor is current on all of its tax obligations.

As noted above, BergenKDV withdraws funds from the bank accounts to, among other things, pay necessary withholding taxes. The debtor, therefore, submits that the creation of new debtor in possession accounts designated solely for tax obligations is unnecessary and inefficient.

C. Waiver of Bankruptcy Code Section 345(b) Requirements

Bankruptcy Code section 345(b) requires that any deposit or other investment made by a debtor, except those (a) “insured or guaranteed by the United States or by department, agency, or instrumentality of the United States” or (b) “backed by the full faith and credit of the United States,” be secured by either (i) a bond in favor of the United States that is secured by the undertaking of a corporate surety approved by the U.S. Trustee for the relevant district or (ii) the deposit of securities of the kind specified in 31 U.S.C. § 9303. Nevertheless, § 345(b) expressly permits a court to waive these requirements for cause.

With respect to the debtor’s Schwab investment account, Settlement AGY Account, and Annuity Fund, strict compliance with the requirements of Bankruptcy Code § 345(b) would be inconsistent with § 345(a), which permits a debtor in possession to make such investments of estate funds “as will yield the maximum reasonable net return on such money.” Additionally, the debtor believes that any funds held in its accounts in excess of the FDIC insured amounts are secure, and obtaining bonds to immediately secure these funds, as required by Bankruptcy Code § 345(b), is unnecessary in light of the facts and circumstances of this case. The debtor’s banks are highly rated and subject to supervision by banking regulators. Further, the debtor retains the right to remove funds held at the banks at any time, and the costs associated with strict compliance with Bankruptcy Code § 345 are burdensome.

By this Motion, the debtor seek a waiver of Bankruptcy Code § 345(b)’s requirements for “cause.” The debtor believes that the benefits of the requested waiver far outweigh any harm to

the estate. *See In re Serv. Merch. Co.*, 240 B.R. 894, 896 (Bankr. M.D. Tenn. 1999) (noting a factor to consider in determining whether cause exists “for relief from the strictures of § 345(b)” includes whether benefits to the debtor outweigh harm, if any, to the estate).

Based on the foregoing, the debtor submits that the requested relief is necessary and appropriate, is in the best interests of its estate and creditors, and the court should grant this motion in all respects.

D. The Requirements of Bankruptcy Rule 6003 Have Been Satisfied

Bankruptcy Rule 6003 empowers the court to grant relief within the first 21 days after the petition date to the extent “necessary to avoid immediate and irreparable harm.” Fed. R. Bankr. P. 6003(b). As explained above, the relief requested herein is necessary to avoid immediate and irreparable harm to the debtor’s estate, is in the best interests of its creditors, and the court should grant such relief in all respects, notwithstanding the 21-day period under Bankruptcy Rule 6003.

E. Waiver of Bankruptcy Rules 6004(a) and 6004(h)

To implement the foregoing successfully, and to the extent necessary, the debtor seeks a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

III. CONCLUSION

For the reasons set forth above, the debtor respectfully requests that the court enter an order:

- A. Granting the expedited relief requested in the motion;
- B. Authorizing the postpetition maintenance and continued use of the debtor’s bank accounts and cash management system;

C. Authorizing and directing the debtor's banks to accept and honor all representations or instructions from the debtor as to which checks, drafts, wire transfers, or other transfers should be honored or dishonored and granting the banks absolute authority to follow such representations and instructions, regardless of the particular transferee named on an item, the date of such item (prepetition or postpetition), and the banks' knowledge or belief as to the existence of court authorization for the transfer;

D. Directing that the banks are not required to honor any item as to which there are insufficient funds in the applicable account and any such bank will not have any liability to any party for relying on such representations by the debtor;

E. Authorizing and directing the debtor's banks to debit the debtor's accounts in the ordinary course of business without need for further order of the court for: (i) all checks, items, and other payment orders drawn on the debtor's accounts that were cashed at such bank's counters or exchanged for cashier's checks by the payees thereof prior to the bank's receipt of notice of filing of the petition; (ii) all checks, automated clearing house entries, and other items deposited or credited to the debtor's accounts with such bank prior to the petition date that have been dishonored, reversed, or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the debtor was responsible for such items prior to the petition date; and (iii) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any bank as service charges for the maintenance of any cash management system;

F. Waiving the Operating Guidelines that would otherwise require the debtor to close its bank accounts;

G. Authorizing the debtor to use and maintain the bank accounts as debtor in possession accounts;

H. Authorizing the debtor to direct Bremer Bank to continue making annuity payments to annuitants from the Annuity Fund;

I. Authorizing Charles Schwab to continue to invest and manage the funds in the Schwab Investment account;

J. Waiving the Operating Guidelines that would otherwise require the debtor to maintain a separate tax payment account;

K. Waiving the debtor's compliance with the requirements of Bankruptcy Code § 345(b);

L. Finding that the relief requested in this motion is necessary to avoid immediate and irreparable harm under Bankruptcy Rule 6003;

M. Finding that notice of the motion is good and sufficient and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice;

N. Authorizing the immediate effect of its order, notwithstanding Bankruptcy Rule 6004(h); and

O. Granting such other and further relief as the court deems just and proper under the circumstances.

Dated: June 15, 2020

QUARLES & BRADY LLP

/s/ Susan G. Boswell

Susan G. Boswell (AZ Bar No. 004791)

Jason D. Curry (AZ Bar No. 026511)

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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re: Chapter 11
THE DIOCESE OF ST. CLOUD, a Minnesota Case No. 20-60337
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**ORDER (I) GRANTING EXPEDITED RELIEF, (II) AUTHORIZING CONTINUED USE
OF THE DEBTOR'S CASH MANAGEMENT SYSTEM, AND (III) AUTHORIZING
MAINTENANCE OF THE DEBTOR'S EXISTING BANK ACCOUNTS**

At Minneapolis, Minnesota, June ____, 2020.

This matter is before the court on the debtor's motion seeking (i) expedited relief, (ii) authorization to continue to use the debtor's cash management systems, and (iii) authorization to maintain the debtor's existing bank accounts. Based on the motion and the file,

IT IS ORDERED:

1. The expedited relief sought in the motion is granted.
2. The debtor may maintain and use its cash management system as described in the motion.
3. The debtor's banks are authorized and directed to accept and honor all representations or instructions from the debtor as to which checks, drafts, wire transfers, or other transfers should be honored or dishonored and granting the banks absolute authority to follow such representations and instructions, regardless of the particular transferee named on an item, the date of such item (prepetition or postpetition), and the banks' knowledge or belief as to the existence of court authorization for the transfer.

4. The banks are not required to honor any item as to which there are insufficient funds in the applicable account and any such bank will not have any liability to any party for relying on such representations by the debtor.

5. The debtor's banks are authorized and directed to debit the debtor's accounts in the ordinary course of business without need for further order of this court for: (i) all checks, items, and other payment orders drawn on the debtor's accounts that were cashed at such bank's counters or exchanged for cashier's checks by the payees thereof prior to the bank's receipt of notice of filing of the petition; (ii) all checks, automated clearing house entries, and other items deposited or credited to the debtor's accounts with such bank prior to the petition date that have been dishonored, reversed, or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the debtor was responsible for such items prior to the petition date; and (iii) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any bank as service charges for the maintenance of any cash management system.

6. The Operating Guidelines and Reporting Requirements promulgated by the Office of the United States Trustee that would otherwise require the debtor to close its bank accounts and maintain a separate tax payment account are waived.

7. The debtor's compliance with the requirements of Bankruptcy Code § 345(b) are waived.

8. The debtor is authorized to use and maintain its bank accounts as debtor in possession accounts.

9. The debtor is authorized to direct Bremer Bank to continue making annuity payments to annuitants from the Annuity Fund.

10. Charles Schwab is authorized to continue to invest and manage the funds in the Schwab investment account.

11. The debtor is not required to maintain debtor in possession tax accounts.

12. To the extent Fed. R. Bankr. P. 6003 applies, the relief granted in this order is necessary to avoid immediate and irreparable harm.

13. Notice of the motion, as provided therein, shall be deemed good and sufficient, and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

14. Notwithstanding Fed. R. Bankr. P. 6004(h), this order is effective immediately.

ROBERT J. KRESSEL
UNITED STATES BANKRUPTCY JUDGE