

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF WASHINGTON AT SPOKANE

In re:

THE CATHOLIC BISHOP OF
SPOKANE, a/k/a The Catholic Diocese of
Spokane,

Debtor.

No. 04-08822

**DECLARATION OF GLORIA Z.
NAGLER**

Gloria Z. Nagler declares:

1. I am a citizen of the United States of America, over the age of 18 and otherwise competent to make this declaration.

2. I am the duly appointed Plan Trustee in the above-captioned Chapter 11 proceeding.

3. On January 2, 2007, a Tolling Agreement ("First Agreement") was previously entered into between The Catholic Bishop of Spokane, a/k/a, The Catholic Diocese of Spokane, a corporation sole and debtor and debtor in possession in Case No. 04-08822-PCW-11 pending in the United States Bankruptcy Court for the Eastern District of Washington ("Debtor") and Paine Hamblen.

1 4. The First Agreement provided for the extension of the deadline for Debtor to
2 commence any avoidance actions on behalf of its bankruptcy estate arising under 11 U.S.C. §§
3 544, 545, 547, 548, or 553 (“Avoidance Actions”) against Paine Hamblen from December 6,
4 2006 to and including the latter of June 29, 2007 or thirty (30) days after the Effective Date.

5 5. Section 15.14 of Debtor’s Second Plan of Reorganization, confirmed by Order of
6 the Court on April 24th, 2007, provides that after the Effective Date, “The Plan Trustee shall
7 have all of the rights and remedies of the Debtor and the Reorganized Debtor as of the Effective
8 Date with respect to, and may commence and prosecute, an Avoidance Action against Paine
9 Hamblen LLP”.

10 6. By operation of the “Second Tolling Agreement”, Paine Hamblen and I have
11 stipulated by agreement to extend the deadline for me to bring Avoidance Actions against Paine
12 Hamblen to August 31, 2007. I believe the Second Tolling Agreement is necessary to preserve
13 my rights as Plan Trustee, while simultaneously avoiding litigation which may be premature at
14 this time. Attached hereto and incorporated by reference as Exhibit A, is a true and correct copy
15 of the duly executed Second Tolling Agreement.

16 7. As the First Agreement expires on June 29, 2007, it is imperative that the Second
17 Tolling Agreement be approved by this Court prior to that date. As a result, I have filed a
18 motion for order shortening time for objections on the underlying motion to approve the Second
19 Tolling Agreement to 10 days, plus 3 for mailing.

20 8. The only parties to the Second Tolling Agreement are the Plan Trustee and Paine
21 Hamblen. Notice of the underlying Motion to approve the Second Tolling Agreement will be
22 served by mail upon the United States Trustee, counsel for the Tort Claimants Committee, and
23 all Special Notice Recipients that have requested to receive such notices in writing. As of
24 today’s date, only 5 people have requested special notice, and all 5 reside in the State of
25 Washington. As such, I believe 10 days notice, plus 3 days for mailing, provides adequate time
26 for them to receive notice of the motion and file objections if so desired.

1 9. For the aforementioned reasons, I respectfully request that the Court grant my
2 contemporaneously filed Motion for Order Shortening Time and my contemporaneously filed
3 Motion for Order Approving Stipulated "Second Tolling Agreement".
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5 EXECUTED this 11th day of June, 2007, at Seattle, Washington.
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7 /s/ Gloria Z. Nagler
8 GLORIA Z. NAGLER
9 Plan Trustee
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