

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. On June 8, 2007, a Second Tolling Agreement was entered into between the
6 Debtor and Paine Hamblen. This Second Tolling Agreement was approved by Order of this
7 Court on June 28, 2007, provided for the extension of the deadline for Debtor to commence any
8 avoidance actions on behalf of its bankruptcy estate against Paine Hamblen from June 29, 2007
9 to August 31, 2007.

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

15 7. On August, 6, 2007, a “Third Tolling Agreement” was entered into between the
16 Debtor and Paine Hamblen. By operation of the Third Tolling Agreement, Paine Hamblen and I
17 have stipulated by agreement to extend the deadline for me to bring Avoidance Actions against
18 Paine Hamblen through January 31, 2008. I believe the Third Tolling Agreement is necessary
19 to preserve my rights as Plan Trustee, while simultaneously avoiding litigation which may be
20 premature at this time. Attached hereto and incorporated by reference as Exhibit A, is a true and
21 correct copy of the duly executed Third Tolling Agreement.

22 8. As the Second Tolling Agreement expires on August 31, 2007, it is imperative
23 that the Third Tolling Agreement be approved by this Court prior to that date. As a result, I
24 have filed a motion for order shortening time for objections on the underlying motion to approve
25 the Third Tolling Agreement to 10 days, plus 3 for mailing.

1 9. The only parties to the Third Tolling Agreement are the Plan Trustee and Paine
2 Hamblen. Notice of the underlying Motion to approve the Third Tolling Agreement will be
3 served by mail upon the United States Trustee, counsel for the Tort Claimants Committee, and
4 all Special Notice Recipients that have requested to receive such notices in writing. I believe 10
5 days notice, plus 3 days for mailing, provides adequate time for them to receive notice of the
6 motion and file objections if so desired.

7 10. For the aforementioned reasons, I respectfully request that the Court grant my
8 contemporaneously filed Motion for Order Shortening Time and my contemporaneously filed
9 Motion for Order Approving Stipulated "Third Tolling Agreement".
10

11 EXECUTED this 7th day of August, 2007, at Seattle, Washington.
12

13 /s/ Gloria Z. Nagler
14 GLORIA Z. NAGLER
15 Plan Trustee
16
17
18
19
20
21
22
23
24
25
26
27