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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS**

IN RE:	§	CHAPTER 11
	§	
ALL SAINTS EPISCOPAL CHURCH,¹	§	CASE NO. 21-42461-11-ELM
	§	
DEBTOR	§	

**DECLARATION OF REVEREND CHRISTOPHER N. JAMBOR
IN SUPPORT OF CHAPTER 11 PETITION AND CERTAIN FIRST DAY PLEADINGS**

1. My name is Christopher N. Jambor. I am the Rector, President, and Chairman of the Board, which the church bylaws refer to as the Vestry, of All Saints Episcopal Church in Fort Worth, Texas (the “Debtor” or “All Saints”), the debtor-in-possession in the above-captioned bankruptcy case (the “Bankruptcy Case”). In this capacity, I am generally familiar with the events leading to the Debtor’s bankruptcy filing and the Debtor’s day-to-day operations, business and financial affairs, books and records.

2. On October 20, 2021 (the “Petition Date”), the Debtor filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.*, (the

¹ The last four digits of the Debtor’s taxpayer identification number is 5880.

“Bankruptcy Code”).² The Debtor continues to operate its business as a debtor in possession under Sections 1107 and 1108.

3. To enable the Debtor to minimize the adverse effects of the commencement of the Bankruptcy Case on its business, the Debtor has requested various types of relief in its “first day” motions and applications (each, a “First Day Motions”). The First Day Motions seek relief intended to allow the Debtors to: (a) retain the professionals needed to guide it through its Chapter 11 Bankruptcy Case and (b) perform and meet those obligations necessary to fulfill its duties as a debtor-in-possession in the Bankruptcy Case. I am familiar with the contents of each of the First Day Motions (including the exhibits thereto), and I believe that the relief sought in each of the First Day Motions: (a) is necessary to enable the Debtor to operate in Chapter 11 with minimal disruption or loss of productivity or value; (b) constitutes a critical element to achieving a successful reorganization of the Debtor; and (c) best serves the Debtor’s estate, donors, members and creditors’ interests.

4. I submit this Declaration in support of the First Day Motions and to provide the Bankruptcy Court the background of the Debtor’s operations and the events leading to the filing of the Bankruptcy Case. Except as otherwise indicated, all of the facts set forth herein are based upon my personal knowledge of the events described herein, the Debtor’s operations and finances, information learned from my review of relevant documents, or information supplied to me by other members of the Debtor’s management and the Debtor’s professionals. I am authorized to submit this Declaration on behalf of the Debtor, and if called on to testify, I could and would testify competently to the facts set forth herein.

² All of the statutory references contained in this Declaration will be to the Bankruptcy Code, unless otherwise indicated.

I. THE DEBTOR'S CHARITABLE MISSION AND OPERATIONS

A. Overview of the Debtor

5. All Saints Episcopal Church has existed since the late 1940s. On March 30, 1953, All Saints incorporated as a Texas non-profit corporation by the filing of Articles of Incorporation with the Texas Secretary of State. A true and correct copy of the Articles of Incorporation are attached hereto as **Exhibit 1**.

6. All Saints was originally founded within the Dallas Diocese of the Episcopal Church. The Fort Worth Diocese was later carved out of the Dallas Diocese in 1983. The Fort Worth Diocese consisted of many parishes throughout the North Texas area, including All Saints.

7. All Saints has approximately 1500 members and many donors who support the church and its missions, some of whom have established endowments and many of whom have given gifts designated for a specific purpose (i.e., feeding homeless, music programs, women's shelter, etc.) that are managed by All Saints. The Debtor takes great care to ensure that donors' funds are only used for the purpose for which they were intended by the donors, and not for general operations.

8. The Debtor's assets generally consist of checking, money market, and other bank accounts, a line of credit with National Bank of Texas, certificates of deposit, endowment funds, investment accounts, and four real properties located at 4936, 4939, 5001 and 5005 Dexter Avenue in Fort Worth, Texas. The Debtor's liabilities generally consist of amounts owed under its secured line of credit, salaries and payroll taxes, liabilities to vendors arising in the ordinary course of the business operations of the church, diocesan assessments, pension plan obligations, utilities, rent, and charitable and religious obligations related to programs supported by the church. The Debtor also has a potential disputed and contingent liability to a faction of the church that broke away

from the national Episcopal Church in 2008 (the “Breakaway Faction”), as described in further detail below.

9. The Debtor filed this reorganization proceeding to establish a centralized forum to resolve multiple outstanding disputes regarding ownership of church property and to protect and preserve the church’s endowment so that donors’ intent may be honored. The Debtor intends to determine and pay all of its liabilities under a plan of reorganization while continuing to serve its members, donors and the Fort Worth community through its church services, programs and missions.

B. Overview of Split Leading to the Debtor’s Bankruptcy Filing

10. The Episcopal Church in the United States is a three-tiered organization, the highest tier comprised of the General Convention, which consists of representatives of each regional diocese and most bishops, a second tier comprised of geographically defined regional diocese, and a third tier comprised of local parishes, missions and congregations.

11. In 2008, the Bishop of the Fort Worth Diocese Jack Iker caused a vote at the Diocesan Convention to remove the Fort Worth Diocese from the national Episcopal Church. The decision to split from the Episcopal Church centered around doctrinal differences between the Breakaway Faction and the Episcopal Church. The preparations for this split from the Episcopal Church had been ongoing for some time prior to this vote, and mainly consisted of taking control of individual parishes by installing like-minded priests and vestries (the churches’ boards of directors), who then amended the parish bylaws and other governing documents so that all property owned by the churches was held for the benefit of the diocese as opposed to the national Episcopal Church.

12. Many of the parishes in the Fort Worth Diocese were taken over by members of the Breakaway Faction, but a handful of parishes, including All Saints, continued to remain loyal to

the national Episcopal Church, even though some smaller group of members chose to leave in support of the Breakaway Faction.

13. After the 2008 vote and the Breakaway Faction's exit from the Episcopal Church, the Breakaway Faction attempted to find a province within the Anglican Communion that would adopt the Fort Worth Diocese. Ultimately, the Breakaway Faction founded their own denomination called the Anglican Church in North America, but this denomination is not a member of the Anglican World-Wide Communion. As a result, with respect to All Saints, there were two groups of members, a larger group of members that remained with the long-existing All Saints that remained a part of Episcopal Church, and another smaller group that chose to leave with the Breakaway Faction. The Debtor continues to this day to remain affiliated with the Episcopal Church. While the Breakaway Faction has formed a church by the same name, that church is not affiliated in any way with the Episcopal Church.

C. Litigation Between the Episcopal Church and the Breakaway Faction

14. In April 2009, the national Episcopal Church sued Jack Iker and the board for the Corporation of the Fort Worth Diocese, a corporation that holds the property belonging to the Fort Worth Diocese in trust for the use and benefit of the local parishes, in the 141st District Court of Tarrant County, Texas (the "State Court"), Cause No. 141-252083-11, in order to determine the ownership of the property held in trust by the Fort Worth Diocese (the "State Court Lawsuit"). The local parishes later joined the lawsuit. All Saints joined the lawsuit as an Intervenor in November 2012, when I and Stephanie Burk, individually and as representatives of All Saints' Episcopal Church (Fort Worth), along with representatives of all of the other congregations of the churches in the Fort Worth Diocese, filed a Plea in Intervention. A true and correct copy of the Plea in Intervention is attached hereto as **Exhibit 2**.

15. The parties to the State Court Lawsuit, including All Saints, have treated this intervention as an intervention on behalf of an unincorporated association consisting of the members of the All Saints congregation (*see* ¶ 4 to the Plea in Intervention describing the Intervenors as the Episcopal Congregations, duly formed and existing pursuant to the Constitution and Canons of the Episcopal Diocese of Fort Worth, and stating that the Episcopal Congregations are unincorporated religious associations).

16. The Debtor, All Saints Episcopal Church, a Texas non-profit corporation, was never joined in the State Court Lawsuit. The dispute in the State Court Lawsuit centered on the ownership of two properties held in trust by the Fort Worth Diocese, the All Saints church sanctuary and parish hall located at 5001 Crestline Drive, and the church rectory located at 5003 Dexter Avenue in Fort Worth, Texas (the “Sanctuary and Rectory Properties”). Those two properties had been deeded to Bishop Avery Mason, the original bishop of the Fort Worth Diocese, when the Fort Worth Diocese was separated from the Dallas Diocese in 1983. Therefore, the parties to the State Court Lawsuit believed that the unincorporated association of the members of the All Saints congregation was the appropriate party to intervene in the State Court Lawsuit. The issue to be decided by the State Court was whether the Sanctuary and Rectory Properties belonged to the Breakaway Faction or the parishioners that remained with the Episcopal Church.

D. The First Texas Supreme Court Opinion

17. After several years of litigation, the State Court ultimately granted summary judgment in favor of the Episcopal Church using the “deference methodology,” under which courts give deference to the decisions of the highest authority of the church. However, the Breakaway Faction took a direct appeal to the Texas Supreme Court, and in 2013 the Texas Supreme Court held that Texas courts must use neutral principles of law to determine which faction is entitled to a religious organization’s property. *See Episcopal Diocese of Ft. Worth v. Episcopal Church*, 422

S.W.3d 646 (Tex. 2013). The case was then remanded to the State Court to rule on the issue of property ownership using the neutral principles of law approach.

18. Following the Supreme Court’s ruling, the parties filed new cross-motions for summary judgment under neutral principles of law, and the trial court ultimately entered a Final Judgment in favor of the Breakaway Faction in July 2015, awarding the Breakaway Faction title to two the Sanctuary and Rectory Properties. *See* Final Judgment, ¶ 2 and Exhibit 1, Item Nos. 13 and 14, a true and correct copy of which is attached hereto as **Exhibit 3**.

E. The Breakaway Faction Waives any Claim to the Debtor’s Properties

19. In the Breakaway Faction’s Third Motion for Partial Summary Judgment, which the State Court granted, the Breakaway Faction expressly disclaimed any interest in the real properties owned by the Debtor in this Bankruptcy Case, which are the properties located at 4936, 4939, 5001 and 5005 Dexter Avenue in Fort Worth, Texas. *See* Defendants’ Third Motion for Partial Summary Judgment, § II(B) (“Defendants waive their claims to properties deeded to All Saints”) and (C) (“Defendants waive their claims to property deeded to the Corporation”), pp. 6-7, a true and correct copy of which is attached hereto as **Exhibit 4**. In the Breakaway Faction’s own words, they “waive[d] any claim to this property, and have no objection to the Court granting summary judgment awarding legal and beneficial title to” All Saints. *Id.*

20. These four properties are owned by and in the name of the Debtor, which is a Texas non-profit corporation. As reflected in the Breakaway Faction’s Third Motion for Summary Judgment, the property at 4939 Dexter Avenue was expressly deeded to “All Saints Episcopal Church, a Texas non-profit corporation.” Two other properties, 4936 and 5001 Dexter Avenue were deeded to “All Saints Episcopal Church” in 1995 and 2003, when the All Saints was a Texas non-profit corporation. The last property at 5005 Dexter Avenue was deeded to the Corporation of the Episcopal Diocese of Fort Worth, for the use and benefit of All Saints, in 1999, also at a

time All Saints was a Texas non-profit corporation. *Id.* Therefore, these four properties are property of this Debtor's bankruptcy estate.

F. The Second Texas Supreme Court Opinion

21. Yet another appeal was taken from the State Court's July 2015 Final Judgment awarding the Breakaway Faction the All Saints Sanctuary and Rectory Properties. The Second Court of Appeals mostly reversed the State Court Judgment. On May 22, 2020, the Texas Supreme Court reversed the court of appeals and reinstated the State Court's Final Judgment. *See Episcopal Diocese of Ft. Worth v. Episcopal Church*, 602 S.W.3d 417 (Tex. 2020). The Texas Supreme Court's May 22, 2020 opinion, attached hereto as **Exhibit 5**, provides further detail about the split by the Breakaway Faction, the history of the dispute between the Breakaway Faction and the local parishes, including All Saints, and the legal issues and rulings by the courts.

G. The State Court Enforcement Order

22. After the Texas Supreme Court's ruling, and after the United States Supreme Court declined to grant certiorari, All Saints relinquished control of the All Saints Sanctuary and Rectory Properties. On April 19, 2021, the Breakaway Faction filed a Second Amended Motion to Enforce Judgment and Rule 11 Agreement (the "Motion to Enforce"). A true and correct copy of the Motion to Enforce is attached hereto as **Exhibit 6**. For the first time, the Breakaway Faction complained that All Saints had not also turned over personal property related to the Sanctuary and Rectory, despite the fact that the Final Judgment did not award any personal property to the Breakaway Faction. The only property of All Saints that had been awarded to the Breakaway Faction in the State Court Lawsuit are items 13 and 14 on Exhibit 1 to the Final Judgment (attached hereto as **Exhibit 3**), which are the Sanctuary and Rectory Properties.

23. The State Court held a hearing on the Motion to Enforce on April 20, 2021. Despite the fact that the Final Judgment said nothing about All Saints' personal property or

financial accounts, the Court signed a post-judgment enforcement Order dated April 20, 2021 (the “Enforcement Order”), which ordered the turnover of personal property and required All Saints (the unincorporated association) to turn over all financial account balances as of April 14, 2009. Specifically, the Enforcement Order required All Saints to immediately deliver possession to the Breakaway Faction of “all real and personal property in existence at the time the original suit was filed on April 14, 2009, including all personal property necessary for the operations of the properties listed in the Final Judgment such as chalices, vestments, bibles and the like as well as all financial assets that supported or enabled the operations, including but not limited to bank account balances, memorial fund balances, foundation fund balances, building fund balances, savings account balances, certificates of deposit balances, and investment account balances, including all income earned by same.” A true and correct copy of the Enforcement Order is attached hereto as **Exhibit 7**.

24. Defendants then sought appellate review of the Enforcement Order by filing a petition for writ of mandamus with the Second Court of Appeals. The Court of Appeals granted an emergency stay of the Enforcement Order on April 26, 2021. Ultimately, however, the petition for writ of mandamus was denied on September 9, 2021, in an unsigned order, with no explanation for the denial. Defendants then appealed this decision to the Texas Supreme Court, which was denied on September 21, 2021.

H. All Saints’ Efforts to Comply with the Enforcement Order

25. After September 21, All Saints turned over all of the personal property associated with operation of the Sanctuary and Rectory Properties to the Breakaway Faction in accordance with the Enforcement Order. All bank accounts, certificates of deposit, investment accounts, endowment fund accounts, and the funds in all of those accounts are property of the Debtor, the Texas non-profit corporation, that was never a party to the State Court Lawsuit or the Final

Judgment. Nonetheless, since September 21, 2021, the Debtor has attempted to resolve the issues with the Breakaway Faction over what portion of the balances in the Debtor's financial accounts pre-dated April 14, 2009, even though the State Court had given no guidance and established no procedures for how it was to be determined what portions of the current account balances relate back to April 14, 2009, over twelve years ago. Obviously, most if not all of the April 14, 2009, funds have been spent on church operations while the litigation was ongoing for 12 years, spent on programs and missions in accordance with donor instructions, or spent on maintenance and repair of the very Sanctuary and Rectory buildings ultimately awarded to the Breakaway Faction.³

26. On September 21, 2021, All Saints filed a motion requesting that the State Court establish procedures through which the parties could determine the property to be turned over under the State Court's Enforcement Order. As of the Petition Date, however, the State Court had not set the motion for hearing or provided the parties with any guidance on how to determine which property must be turned over under the Enforcement Order.

I. The Breakaway Faction Seeks to Seize the Debtor's Property

27. On October 15, 2021, the Breakaway Faction filed yet a Third Motion to Enforce in the State Court, which sought an order from the State Court "(1) directing all Plaintiffs factions (including All Saints) to deliver to Defendant The Corporation for the Episcopal Diocese of Fort Worth all financial statements and audits and bank statements from January of 2009 to the latest record and (2) directing these Plaintiffs factions to authorize each financial institution holding funds in the accounts identified in this order to deliver those funds by cashier's check payable to Defendant the Corporation of the Episcopal Dioceses of Fort Worth." A true and correct copy of the Third Motion to Enforce is attached hereto as **Exhibit 8**. The Breakaway Faction's request

³ For example, since 2009 the Debtor spent approximately \$600,000 to install a new HVAC system at the Sanctuary and Rectory Properties, which are now occupied by the Breakaway Faction.

was not limited to funds in the accounts as of April 14, 2009, which are the only funds to which the Breakaway Faction even arguably has any claim and ignores the fact that the Debtor, which owns those funds, *is not a party to the State Court Lawsuit or Final Judgment*.

28. Undeterred by fact or law, the Breakaway Faction sought turnover of every dollar in the Debtor's accounts, including funds obtained since 2009 and endowment funds and other donations given by church donors for an express, designated purpose. Turnover of those funds, which were mostly donated to the Debtor and the Episcopal Church after 2009, to a breakaway faction with no affiliation with the Episcopal Church, would violate donors' intent and leave the Debtor with no money to operate. In short, the Breakaway Faction essentially seeks to abscond with 100% of the Debtor's assets and put All Saints out of business.

29. The Breakaway Faction's Third Motion to Enforce was set for hearing in the State Court on October 20, 2021. Despite having made reasonable efforts to resolve the remaining issues with the Breakaway Faction regarding the Debtor's financial accounts, the Breakaway Faction insisted on proceeding with the hearing, and refused to meet or agree on procedures to govern the determination of what, if any funds, remaining in the Debtor's accounts were pre-April 14, 2009, funds.

J. The Breakaway Faction Sues the Debtor on Claims it Previously Waived

30. As further example of the Breakaway Faction's bad faith and scorched-earth tactics, it recently filed a second lawsuit in the 17th Judicial District of Tarrant County, Texas against All Saints (the "Second State Court Lawsuit"). A true and correct copy of the Original Petition is attached hereto as **Exhibit 9**. In the Second State Court Lawsuit, the Breakaway Faction asserts a claim to ownership of the four properties owned by the Debtor, located at 4936, 4939, 5001, and 5005 Dexter Avenue, *despite the fact the Breakaway Faction had expressly waived any claim to these four properties in original State Court Lawsuit*. The Breakaway Faction also seeks to

prohibit the Debtor from using the name All Saints Episcopal Church, even though the Debtor has been incorporated under that name since 1953, and even though the Breakaway Faction is not an Episcopal Church.

K. The Breakaway Faction Wrongfully Seizes the Debtor's Bank Accounts

31. On October 15, 2021, the Breakaway Faction sent a letter to Frost Bank, which holds the majority of the Debtor's bank accounts, improperly demanding control over all of the Debtor's accounts based upon the Final Judgement in the State Court Lawsuit, *even though the Debtor was not a party to that Lawsuit*. As a result of the letter, Frost Bank has frozen all of the Debtor's bank accounts. See October 15, 2021, letter from Frost Bank attached hereto as **Exhibit 10**. To date, the Breakaway Faction has refused to withdraw its demand on Frost Bank and Frost Bank has refused to unfreeze the Debtor's accounts. As a result, the Debtor is unable to collect and remit funds or pay its employees.

L. The Debtor Seeks Protection Under the Bankruptcy Code

32. Unable to access its accounts, and facing the possibility that donor funds would be wrongfully seized by the Breakaway Faction, the Debtor filed this Bankruptcy Case in order to obtain a breathing spell, establish a centralized forum to determine multiple pending disputes over ownership of estate property, protect its donors' funds, protect its members interests, and ensure its continued viability as an ongoing charitable organization that makes a significant impact on the local community and the world through its missions and other programs. All Saints continues to be supported by its members and donors, and I believe that All Saints can remain on ongoing, viable organization.

M. The Breakaway Faction Repeatedly Violates the Automatic Stay

33. The Debtor filed its voluntary petition on October 20, 2021. Since receiving notice of the petition, the Breakaway Faction has repeatedly violated the automatic stay by (i) refusing to

withdraw its wrongful demand on Frost Bank, resulting in the continued freeze of the Debtor's bank accounts; (ii) threatening the Debtor's counsel with Rule 13 violations for filing a notice of bankruptcy in the State Court; (iii) continuing to prosecute the Third Motion to Enforce in the State Court, which seeks turnover of property of the Debtor's estate, by setting a hearing in the State Court on November 3; and (iv) continuing to prosecute a contempt motion in the State Court Lawsuit, which seeks criminal sanctions against me personally and requests that I be placed in jail. The Debtor has attempted to resolve these issues by agreement but reserves all of its rights with respect to the Breakaway Faction's repeated, willful, knowing violations of the automatic stay, including the right to seek sanctions against the Breakaway Faction and its counsel.

34. I declare under penalty of perjury that the foregoing is true and correct.

Dated: October 22, 2021

/s/ Rev. Christopher Jambor
Rev. Christopher Jambor