

Diocesan Bankruptcy Agreement Fact Sheet

Timeline of events

■ **1992:** The Diocese of Duluth first institutes safe environment programs for the protection of children and young people. It has been continuously reviewed, improved, and followed since that time.

■ **2002:** In the wake of many historical cases of clergy sexual abuse being exposed, the U.S. Conference of Catholic Bishops adopts a series of policies under the Charter for the Protection of Children and Young People.

■ **2004:** The USCCB publishes the John Jay Report, the first major study of how widespread the problem of clergy sexual abuse is, covering cases between the years 1950 and 2002.

■ **May 2013:** The State of Minnesota passes the Child Victims Act, which for a three-year window lifted the statute of limitations for civil cases on accusations of sexual abuse. Throughout that period, numerous lawsuits were filed against the diocese and parishes and other Catholic entities in the diocese regarding historical cases of clergy sexual abuse.

■ **December 2013:** Bishop Paul Sirba voluntarily releases a list of credibly accused priests who have served in or reside in the diocese. Initially based on the John Jay Report, the list has been continuously updated as new information has become known.

■ **November 2015:** The first of the lawsuits filed against the diocese under the Child Victims Act to go to trial, involving Doe #30, concludes with a verdict against the diocese and a judgment against the diocese of approximately \$4.9 million.

■ **Dec. 7, 2015:** In the wake of this judgment, to provide equitable treatment for all abuse survivors, the Diocese of Duluth files for Chapter 11 bankruptcy.

■ **May 2016:** The three-year window opened by the Child Victims Act closes. The same day also ends the period during which timely claims can be filed against the diocese as part of the bankruptcy process.

Where funds are coming from

■ **Diocesan cash:** \$1,198,635

This is from diocesan savings and operations.

■ **Sale of bishop's house:** \$500,000 (est.)

The diocese owns little property that could be sold. This is the most significant of it. The bishop has taken up residence in a parish rectory that was previously vacant.

■ **Diocesan loan:** \$4,170,000

This is a low-interest loan from the Seminarian Endowment.

■ **Parish contributions** (15% of unrestricted funds as of June 30, 2018): \$2,662,327

Voluntary contributions from parishes were approved by parish pastors and lay leadership.

■ **Voluntary non-parish contributions** (15% of unrestricted funds as of June 30, 2018): \$1,985,742

■ **Priest funding:** \$70,668

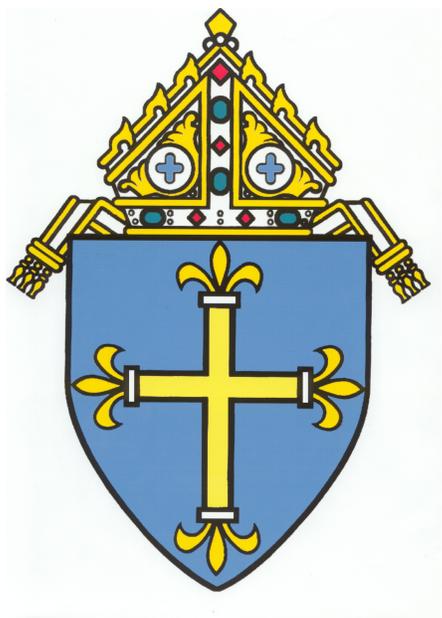
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- **Jan. 27, 2015:** The diocese enters mediation with representatives of abuse survivors.
- **June 24, 2016:** The Diocese of Duluth initiates a lawsuit against insurers to obtain funds to provide for the compensation of abuse survivors.
- **Feb. 5, 2019:** The diocese's litigation with the last insurance company concludes. As a result of the litigation, compensation from the insurance companies increases to more than \$30 million, up from an initial proposal of \$2.5 million.
- **April 25, 2019:** In mediation, attorneys for abuse survivors and for the church come to an agreement in principle, contingent on approval of survivors and the bankruptcy court and the diocese's ability to pay.
- **Oct. 21, 2019:** Agreement finalized, compensating survivors and clearing the way for the diocese to emerge from bankruptcy.

Where do the funds go?

- **Due to Plaintiff's Trust:** \$8,500,000
Survivors will also receive more than \$30 million from the insurance companies.
- **Due to Future Claims Trust:** \$200,000
- **US Trustee Fees:** \$85,000
- **Future Claims Representative (est.):** \$50,000
- **Claims Adjudicator:** \$50,000
- **Total legal fees (est.):** \$1,702,372



Non-economic aspects

Non-economic elements of the settlement include continuing many of the policies already put in place over the years, but there are some additions. Some key ones:

- Provides a mechanism through which documents related to clergy sexual abuse can be released.
- Adopts a whistleblower policy.
- Diocesan officials will make a good-faith effort to obtain from each clergy member working in the diocese a signed and dated written statement affirming that the clergy member has not sexually abused any minor at any time and has no knowledge of any abuse of a minor by another priest or employee of the diocese that has not been reported to law enforcement and the diocese.
- Removing photos and any visible honors (such as a plaque or naming of a building or hall) from public display for each priest with a substantiated claim of sexual abuse of a minor.

Contributing non-parish entities

- Newman Ministry at UMD
- Calvary Cemetery
- Human Life and Development Fund
- Catholic Religious Education Fund
- Seminarian Endowment Fund
- Holy Rosary Parish Endowment
- Stella Maris Academy
- St. Joseph's Parish/School Endowment

Frequently Asked Questions

How does the Church look at survivors of clergy sexual abuse?

They are our brothers and sisters who were hurt through no fault of their own. They deserve and have our love, support, respect, and sorrow for what they have suffered.

How will this affect diocesan finances?

The settlement will effectively exhaust savings, and making payments on the debt will have to come out of the diocesan budget. With frugal budgeting, we expect to be able to continue the Church's essential work.

Will Catholics in the pews be paying for this settlement through United Catholic Appeal?

A significant portion of the settlement has been funded through taking on debt, which will have to be paid back through the diocesan budget. This is projected to account for about 8% of the diocesan budget for the next 20 years.

Why should Catholics pay for these crimes?

The people responsible for these crimes are either dead or out of ministry. Providing this compensation is a way for us to be accountable and show solidarity with those who have been harmed and to make reparation for the sins of members of the Church, including its clergy.

Are all parishes contributing, or only the ones with lawsuits filed against them?

All of the parishes are making voluntary contributions. While it's true that not all of the parishes had lawsuits against them, this is largely a matter of chance, e.g. of whether an abuser was assigned to the parish. All parishes also benefit from the settlement, which protects against any future lawsuits involving historical cases from this time period. The same protection applies to contributing non-parish entities.

What about poor parishes?

It was foreseen that some parishes may not be able to afford the full amount. Voluntary donations by the priests of the diocese were meant in part to cover those small variances and more than made up for them.

What happens if people come forward in the future who did not come forward during the bankruptcy process?

The bankruptcy process involved reaching out to communities where there may have been people affected by clergy sexual abuse and providing a confidential mechanism for them to come forward. It may be that some who have been hurt did not file claims. A Future Victims Fund is set up to handle eligible claims. The Church also continues to follow its safe environment policies as they apply in such situations. And the diocese continues to offer support for finding counseling for those who have been harmed.

What is the Church doing to be sure this never happens again?

We have been working hard at that for more than 25 years, and it has made a major difference. Every priest, deacon, employee, and volunteer must undergo a background check and complete training to recognize inappropriate behavior (for instance grooming). They are mandatory reporters under church policy and are subject to a pastoral code of conduct designed to protect children, young people, and others who may be vulnerable. The training and background checks are repeated every five years. Students in our schools and religious education programs also receive age-appropriate safety training to help them recognize and avoid situations that could be dangerous for them.

How much has the diocese already spent on bankruptcy?

We have spent approximately \$4.2 million, mostly in litigation with the insurance companies.