



*Catholic Church of Eastern Montana*  
**DIOCESE OF GREAT FALLS-BILLINGS**

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**PRESS RELEASE**

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**Diocese of Great Falls-Billings files for Chapter 11 Bankruptcy Dismissal**

**March 14, 2018**

On March 13, 2018, the Diocese of Great Falls-Billings filed a motion to dismiss its Chapter 11 Bankruptcy case pending before the United States Bankruptcy Court for the District of Montana.

The Diocese filed for a Chapter 11 reorganization almost twelve months ago, on March 31, 2017. It did so then to fulfill a pre-bankruptcy understanding with the attorneys for the then-known abuse survivors and with the Diocese's liability insurance carrier. The Diocese had already provided complete and up-to-date financial records to the attorneys for the abuse claimants. The expected goal of the bankruptcy process was to allow other unknown victims of sexual abuse to come forward with claims, after which the parties could resume their mediation efforts to reach a comprehensive settlement under a consensual plan of reorganization that could be approved under the Bankruptcy Court process. Unfortunately, it now appears there is little likelihood of obtaining a global resolution that would allow for a fair and just settlement with all of the abuse victims, while at the same time insuring the ongoing viability of the Catholic Church in Eastern Montana.

As stated by Bishop Warfel, "My responsibility in this matter has always been twofold. The first is attending to the legitimate grievances of long-term harm inflicted upon the victims of abuse by ministers serving on behalf of the Diocese. The second is providing pastoral support and spiritual guidance to the present and future generations of the Diocese. Unfortunately, under the present circumstances, including the positions now being advocated by the Unsecured Creditors Committee (UCC) in the bankruptcy proceedings, I find myself to be in a position of having to consider settlement demands that would severely or even permanently cripple the Diocese. This simply cannot form the basis of any resolution in the Bankruptcy Court proceeding, leaving the Diocese with no choice but to pursue other avenues that will hopefully lead to a just and equitable global mediated settlement."

As the result of a motion filed by the UCC, the Diocese is now faced with having to proceed to a trial in state district court covering two of the 86 claimants. Having to do so at some point in the next months will put the Diocese in the same position in which it found itself just before the bankruptcy was filed one year ago. Inexplicably, while the UCC insists that these two trials go forward, its attorneys do not want the results of those trials to be binding on either the Diocese or their clients, including both the two claimants whose cases will be heard by a jury and the other 84 claimants.

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Moreover, the UCC is now pushing ahead with three separate lawsuits in the bankruptcy court that likewise may take several more months to resolve. One of these lawsuits is seeking to make the parish churches and the real property on which those churches are built as available to fund monetary settlements which the UCC is seeking for the claimants. Another seeks to obtain the funds of each individual parish in the Diocese. Of course, those funds have come almost exclusively from donations of the Catholic faithful in those parishes and are being used exclusively by the parishioners to maintain, repair and replace these facilities and pursue their own missions.

The parishes have now been forced to retain and pay for their own separate counsel to defend against these new lawsuits. The Diocese has to pay its own attorneys to defend against them too. Worse, given the requirements of the Bankruptcy Code, the Diocese will be required to pay the attorneys for the UCC for their own time and expenses spent in pursuing these claims against the Diocese and parishes. There is no reason not to believe that the final bill for such legal expenses will run into the millions of dollars.

While confident of our legal position and the position of the parishes and parishioners, the cost to the Diocese and parishes, even if successful, will severely impact and impair our financial ability to settle claims through the Chapter 11 Bankruptcy process. At this point, that process seems guaranteed to achieve one result with certainty – that of leaving fewer funds for the abuse victims while jeopardizing the ability of the Diocese to carry on its mission. In other words, the bankruptcy proceedings appear headed in a direction 180 degrees opposite from the goal which Bishop Warfel had in mind when he authorized the filing of a petition for a Chapter 11 reorganization in March, 2017.

By seeking a dismissal of the bankruptcy, the Diocese is most assuredly not attempting to discount the past and current pain and suffering that the victims of abuse have suffered. Bishop Warfel continues to express his profound sorrow and sincere apologies to anyone who was abused by a priest, a sister or a lay Church worker. He stands ready and willing to meet with every abuse claimant. However, the Chapter 11 Bankruptcy process has only fostered the expenditure of significant time and resources which otherwise could be used to resolve these claims in a just and fair manner while still allowing the Diocese to plan for the future ministry of the Catholic faithful throughout Eastern Montana.

The Diocese of Great Falls-Billings will continue with its efforts to resolve all claims of abuse and is currently exploring other alternatives that will allow this to take place.