

The parishioners of Saint Lawrence, Saint Joseph, and Holy Family turn to the Lord in prayer, for all those who are survivors of child sexual abuse and their families. We are praying particularly for those in our parishes who suffer the effects of such a grave sin committed by clergy members. While our actions do not take away the pain they have experienced, it is hopefully a further step in their healing from this tragedy.

Every Parish in the Diocese of Duluth has been asked to contribute 15% of unrestricted funds. We are being asked to contribute the following:

SAINT LAWRENCE

Unrestricted Funds 2018:
\$1,011,242

15% Ask:
\$151,686

SAINT JOSEPH

Unrestricted Funds 2018:
\$459,397

15% Ask:
\$68,910

HOLY FAMILY

Unrestricted Funds 2018:
\$35,410

15% Ask:
\$5,312

Diocesan Bankruptcy Information

Overview:

A tentative agreement has been reached with the creditors committee appointed in the bankruptcy case on behalf of abuse survivors and the Diocese. It is contingent upon the ability of the Diocese to raise sufficient funds to pay the settlement amount. The plan would distribute \$40 million (\$31 million from insurance settlements with the balance and expenses paid by the Diocese).

History and Background:

- The Diocese bankruptcy was triggered by the verdict against the Diocese obtained by Doe 30, a clergy abuse victim, in October 2015 for approximately \$4.9 million. The Diocese filed its chapter 11 case on December 7, 2015 in response to this verdict and to provide for an equitable treatment of all abuse survivors.
- Since filing bankruptcy, the Diocese has found it necessary to initiate lawsuits against the insurance companies that provided coverage for the Diocese and many parishes in order to obtain funds to provide for the compensation of abuse survivors. The Diocese has now resolved the insurance coverage lawsuits by obtaining agreements from five insurers to pay more than \$31 million for the resolution of the claims asserted against the Diocese and 30 parishes.
- The settlements with the insurers are for significantly more than the \$2.5 million originally offered by them and the \$3.5 million in bankruptcy costs paid by the Diocese to date. The insurers will make these payments only upon confirmation of a plan of reorganization by the bankruptcy court.
- In order to finalize a plan, the Diocese was required to reach a negotiated settlement with the creditors committee on behalf of abuse survivors.
- The Diocese does not have sufficient assets to fund the settlement and is seeking support from the Catholic community to assist with this settlement. The Diocese will pay \$500,000 from its limited cash reserves to assist with funding of the plan and will sell the Bishop's house to raise additional funds. This represents the last of the Diocese's assets other than a very modest operating reserve. The Diocese will also have to secure a substantial loan in order to pay the balance of the settlement.

Alternatives to Settlement:

- Continuing with the bankruptcy based upon the hope a better agreement could be reached is problematic and requires ongoing funding of the bankruptcy.
- Dismissal of the bankruptcy case would allow Doe 30 to try to collect their judgment from the Diocese's remaining assets.
- Dismissal of the bankruptcy case would also lead to significant additional costs for the Diocese and parishes in defending the lawsuits that have been filed.

End Notes:

Bishop Sirba and all of the Diocese's attorneys agree this settlement is in the best interest of the Diocese and the Catholic community.

Keep in mind, we are still in the process of collecting the necessary funds and certain parts of the plan are still being negotiated. Please patiently pray that we may work together to bring closure and further healing for those who have been hurt. Thank you.

Ask of the parishes and other contributions:

- Parishes and other Catholic entities have been asked to consider contributing *15% of their unrestricted cash on hand as of June 30, 2018* to the funding of the Diocese's plan. The Trustees and Finance Councils of each parish have met separately and have voted to support the plan.
- Every active Pastor, as well as some Associate Pastors and Retired Priests, in the diocese have made a pledge to contribute \$1,000 of their own personal funds.
- All funds, including the insurers' portion, will be paid to a trust (trustee) when the plan is confirmed and effective. The trustee will then make distributions to survivors.

Benefits to our Diocese, parishes and others:

- Under any confirmed plan the Diocese will be released from all claims of clergy abuse that occurred prior to December 7, 2015, whether currently known or not. A representative has been appointed by the court to represent the interests of any survivors who were not legally able to file a claim in the bankruptcy case. As a result, any claimant who was abused prior to December 7, 2015 will be required to look to the trust established under the plan for compensation. This is known as a channeling injunction.
- Parishes and other entities will receive a similar release for all such claims if a plan is confirmed. This means there can be no future lawsuits against either the parishes or other Catholic entities for any claims that arose prior to December 7, 2015. They would receive a channeling injunction as well.
- The Diocese is seeking contributions from all parishes and other Catholic entities in order to spread the burden across the entire diocese and not impose an undue burden on the 30 parishes named in the lawsuits and claims. Contributing to the settlement is like purchasing an insurance policy to protect against any future claims that occurred prior to December 7, 2015.
- The Diocese has agreed to confirm its ability to fund the settlement amount to the creditors committee before May 15, 2019. Funds will not be required until late summer. Assuming the fundraising goal is met, the Diocese believes it can be out of bankruptcy by early fall.