

Frequently Asked Questions



Chapter 11 Bankruptcy Update **Frequently Asked Questions**

Q1. What was announced on July 27, 2023?

A1. The Roman Catholic Diocese of Syracuse and the Official Committee of Unsecured Creditors in our Chapter 11 reorganization have reached an agreement on the contribution to be made by the Catholic Family which includes the Diocese of Syracuse, its parishes and other Catholic entities to the Victims' Trust Fund. Both the Diocesan Finance Council and the College of Consultors have given their assent to this action. The amount of the contribution will be \$100 million.

Q2. Who would fund the settlement of these claims?

A2. Under the agreement to establish the Victims' Trust, the Catholic Family contribution consists of the Diocese of Syracuse, which will contribute \$50 million. Collectively, parishes will contribute \$45 million. The remaining \$5 million will come from other diocesan entities.

Q3. How much will the insurance carriers pay toward settlement of claims?

A3. Insurance companies have yet to reach an agreement with the Creditors Committee. As we recently completed our third year of mediation, the assigned mediator in the case did not include insurance carriers in this proposal, as they have yet to agree on coverage issues with the Creditors Committee. The mediator's priority was to reach a settlement with the Diocese and its entities first and then pursue insurers. The agreement does specify that both parties, the Official Committee of Unsecured Creditors and the Catholic Family, will explore a resolution in claims involving insurance.

Q4. Why weren't insurance companies included in this agreement?

Frequently Asked Questions

- A4.** Spending additional time in mediation would only add to the mounting legal expenses and possibly expose the Diocese and its entities to further legal action. To date, the Diocese has paid nearly \$11 million in legal expenses.
- Q5. Why did the Diocese file for Reorganization under Chapter 11?**
- A5.** The Diocese believed that filing Chapter 11 was the fairest approach for the survivors and most viable for the Diocese to continue the work of the Church. As we have seen in other dioceses, long term litigation costs and settlements or jury awards to those filing first would have far exceeded the resources which the Diocese has or could obtain to settle or litigate these claims and bring relief to victims/survivors. By filing for reorganization under Chapter 11, it will ensure that all victims/survivors will receive a settlement.
- Q6. If it was the Diocese who filed Chapter 11, why are parishes and related Catholic entities part of the settlement?**
- A6.** Parishes were not part of the Chapter 11 filing in June 2020 but were invited to participate in contributions to the Victims' Trust. 81 parishes and 21 other diocesan entities have claims made against them in individual lawsuits and bear substantial risk of direct liability to claimants in individual court actions. By contributing to the Victims' Trust, each parish and related entity will now be protected for claims that may have occurred up to June 19, 2020 through what is known as a channeling injunction.
- Q7. My parish did not have any claims against it. Why should we and other similar entities have to participate?**
- A7.** As a Catholic family, it is our moral obligation to provide reparation and share a role in bringing healing and reconciliation to the survivors. As in 1 Corinthians 12:26, if one part of the body suffers, all the parts suffer with it; if a part is honored, all the parts rejoice with it. Additionally, by contributing, each entity is protected from any claims of abuse that may have occurred up to June 19, 2020 that may be filed if another legal window is opened in NYS. Sixteen states are already looking to entirely do away with the civil statute of limitations for sexual abuse.
- Q8. Why is the Diocese of Rochester Catholic family contribution lower than the Diocese of Syracuse?**
- A8.** The Diocese of Rochester who settled for \$55 million had a unique situation with one of their major insurers. The insurance company denied all coverage of all CVA claims. This provided a strategy for their Creditors Committee in which the Diocese of Rochester agreed to 38 stipulated judgements in amounts up to \$7.5 million per stipulation in cases where the coverage was denied. If the insurance company loses on its defense coverage, it could be required to pay \$285 million just for those claims. This arrangement resulted in a lower contribution from the Rochester Catholic family. The Diocese of Syracuse does not have any insurer who denied coverage of claims. Instead, insurers issued a reservation of rights.
- Q9. Will this end the actions and costs associated with this case?**

Frequently Asked Questions

A9. No, but it does end the process for parishes and other Catholic entities. The Diocese will continue working with the Creditors Committee and the mediator to pursue the insurance contribution.

Q10. What is being done to help ensure this doesn't happen again?

A10. The Diocese of Syracuse has a comprehensive safe environment program consisting of the Diocesan Child and Youth Protection Policy, the Diocesan Code of Conduct, criminal background checks and required child sexual abuse prevention training for clergy, religious, employees and those volunteers whose ministry brings them in direct contact with minors and vulnerable adults. Take a moment and visit the diocesan website at www.syrdio.org and click on Safe Environment to review all of its components.

Q11. What impact will this agreement have on Hope Appeal funds?

A11. None. Hope Appeal contributions can only be used for the ministries supported by the Hope Appeal. Hope Appeal contributions are considered donor restricted funds. Only unrestricted funds may be used to form the Victims' Trust. The Hope Appeal will kick off the weekend of September 9-10, 2023.

Q12. Will the Diocese close any parishes or sell parish property as a result of this Settlement?

A12. The Diocese has been in a process of pastoral planning for over two decades. Parishes have linked, merged or closed due to the declining number of clergy, changing demographics and participation. The number of unused or underused buildings has increased. Parishes may choose to sell property that is not being used as a matter of sound fiscal management.

Q13. How do I ensure that my gift and/or planned gift to the Diocese is not used to pay settlements?

A13. Restricted gifts can only be used for the purpose for which they were given. Speak to your attorney, estate planner or the Diocesan Foundation Office about how to make a restricted gift to the Diocese.

Q14. Will the Diocese need to reduce its workforce as a result of this settlement?

A14. It is not our desire nor in our current plan to reduce our workforce. Ongoing financial realities, which were also impacted by the Coronavirus pandemic and financial market downturn, have required some personnel changes while still trying to maintain the same level of support to our parishes and related Catholic entities. These challenges and efforts will continue.

Q15. When will the contributions need to be paid?

Frequently Asked Questions

A.15 It is anticipated that the earliest the contributions will need to be paid is March 2024.

Q16. What happens next?

A16. This is a critical step toward moving towards emerging with a plan for Reorganization. The Official Committee of Unsecured Creditors and the Diocese will continue to pursue a resolution in claims involving the insurance companies.