

Reorganizing for the Future *...together*

Additional information about the reorganization
can be found at:

buffalodiocese.org/reorganization

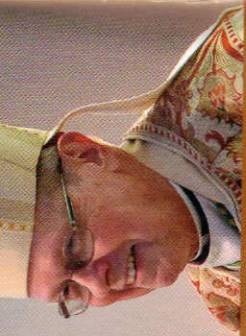


The Diocese
of Buffalo

"So if anyone is in Christ,
there is a new creation: everything old has passed away;
see, everything has become new!" 2 Corinthians 5:17

Message from

Bishop Edward B. Scharfenberger



My Dear Sisters and Brothers in Christ,

The decision - supported by the Diocesan Finance Council as well as the College of Consultors - to pursue Chapter 11 reorganization is one that has not been taken lightly. It is one, however, that now provides us a unique opportunity to plan for the future while doing all we can to bring about justice and healing for those who have been harmed as a result of sexual abuse by members of the clergy. Their care must be our first priority. As a family, we walk with one another, assisting and embracing all survivors as members of our family. At the same time, this path toward reorganization will enable us to continue uninterrupted the vital work of Faith - our mission of proclaiming the living Good News of Jesus Christ - that each and every day is carried out across Western New York.

Admittedly, you will have many questions and concerns. It is our commitment to do our best to provide as much clarity as possible about the implications of reorganization on the various ministries of the Diocese, jobs, parish life, and our schools and institutions that are vital to the fabric of our life. We hope that this booklet will give you the essential information and answers to the most frequently asked questions. The designated web page at: buffalodiocese.org will be updated regularly with developments and additional information as it becomes available.

It is important to note that the Diocese of Buffalo is not the first diocese to voluntarily choose this path of reorganization. I can confirm that most - if not all - report emerging stronger, more focused in their core mission and purpose, and more united in having dealt collaboratively, with prayer and mutual support, in dealing with the challenges we are resolved to overcoming.

Most importantly, I ask for your constant prayers for our local Church - for all your sisters and brothers - whose witness and faithfulness is the bright light that pierces the darkest circumstances and shines a guiding and constant light on our path forward!

Sincerely in Christ,

+Edward B. Scharfenberger

Bishop Edward B. Scharfenberger
Apostolic Administrator

Why are we doing this?

The Diocese of Buffalo has determined that it is in the best interests of victims of past clergy sexual abuse, as well as the ongoing and essential work of Faith in Western New York to pursue reorganization through Chapter 11.

The benefits include:

1

A path toward resolution and healing for victims who seek restitution, justice and healing as a result of the New York State Child Victims Act.

2

A more equitable distribution of financial settlements given that litigation would inevitably result in a small number of claimants who were first to file their claims receiving compensation, and in light of limited Diocesan resources.

3

The ability to continue without interruption the essential ministries of the Church. This path towards reorganization will enable us to continue the vital works of our Catholic Faith - fulfilling our mission of evangelization which includes proclaiming the living Good News of Jesus Christ and the requirement of service to others that is carried out throughout our Diocese.



Frequently Asked Questions

About Chapter 11

What exactly is Chapter 11?

A Chapter 11 filing is a voluntary action taken by a organization or entity to reorganize financially with the goals of being able to respond to the financial claims of those to whom it has financial obligations, while also being in a position to continue its operations and remain viable. Chapter 11 does not mean the entity is going out of business or is insolvent. Under Chapter 11, an entity generally maintains its normal operations and continues to provide employees with salaries and benefits, and retiree benefits. It continues to do business in a routine manner while working to satisfy financial obligations as mandated by the court.

Why is the Diocese seeking Chapter 11 now?

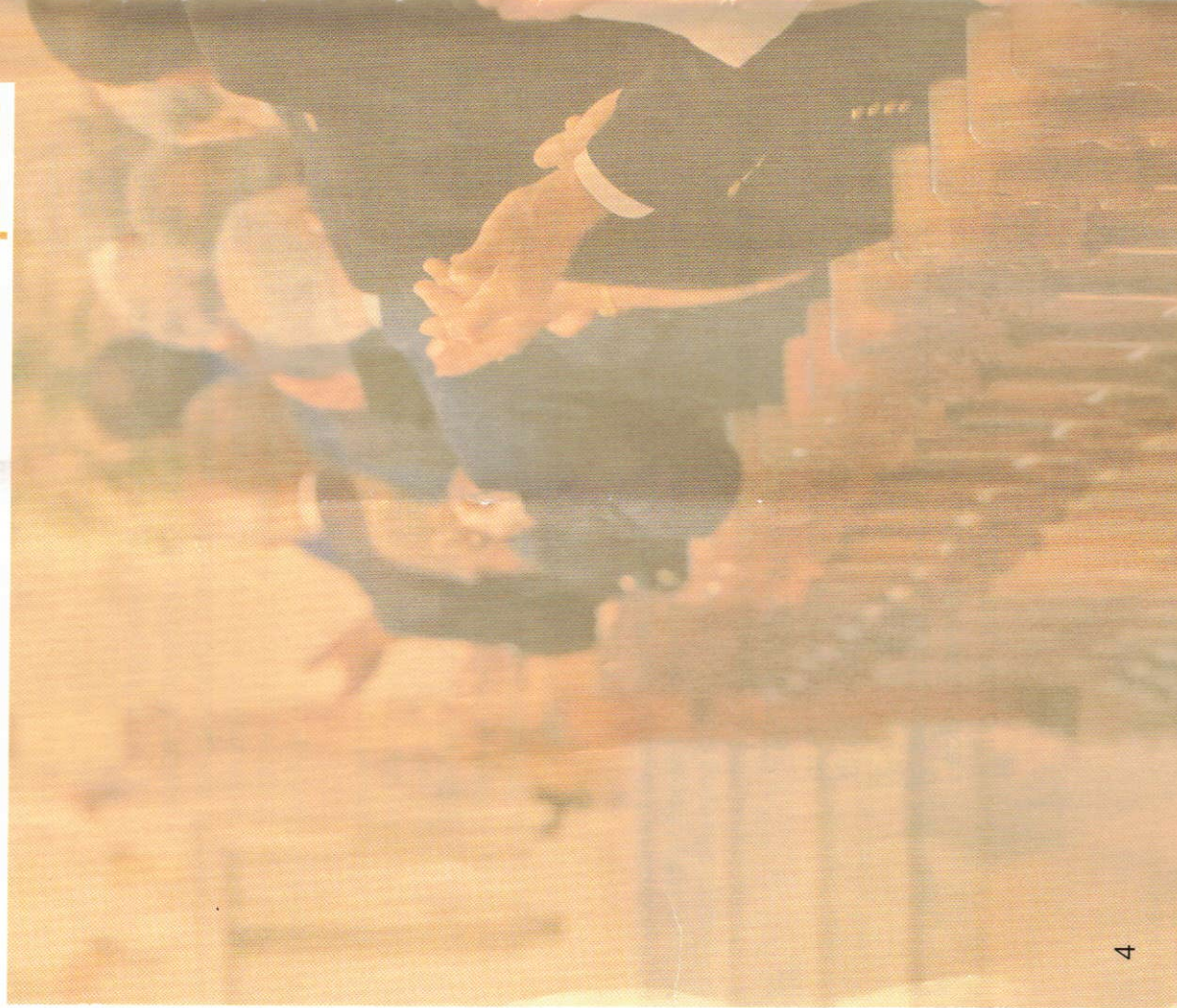
Following the passage of the New York State Child Victims Act last year, a one-year window of opportunity (from August 14, 2019 to August 13, 2020) to commence previously time-barred lawsuits for claims of childhood sexual abuse was opened. As a result, the Diocese faces over 250 lawsuits involving claims of sexual abuse of a minor, most dating back decades. Litigation costs and settlements or jury awards in such lawsuits have the potential to exceed many millions of dollars. The cost to litigate and resolve these claims will mean that only those "first in line" will likely receive financial compensation. Those further down the line - or who filed later - will most likely receive little or no compensation in view of the Diocese's limited available resources. This would also harm the Diocese's ability to continue many of its essential programs, outreach and ministries that serve so many throughout Western New York.

What if the Diocese didn't file for Chapter 11?

The Diocese would continue to face and be forced to respond to multiple civil actions. This would prove to be a slow, unpredictable and costly process that would require years of litigation and uncertainty for victims and the Diocese. Those claimants who filed suits first or pursued their claims more aggressively would receive a larger portion of funds that are available to pay victims. As a result, later claimants, even those who may have suffered greater harm, may receive little or nothing. Most importantly, such lengthy proceedings would only delay justice for the victims and prolong their pain and suffering.

Does the Diocese have insurance?

Yes. The Diocese is in negotiations with its insurers to respond to claims. The Diocese anticipates that insurance recoveries will be a source of funding for the required victims' fund.



Frequently Asked Questions About Chapter 11

Who made this decision to file for reorganization under Chapter 11?

Bishop Edward B. Scharfengerger, the Apostolic Administrator of Buffalo, made this decision after the required consultation and consent of the Diocesan Finance Council and the College of Consultors. He has likewise consulted with additional laypersons who possess relevant expertise.

Do legal costs associated with this filing just add to the Diocese's financial burden?

Certainly, there are legal costs associated with filing under Chapter 11, but there would also be legal expenses to defend the Diocese in State Court litigation. Filing under Chapter 11 is the best course of action given the financial liability the Diocese faces. One important aspect of filing for Chapter 11 protection is that filing stops all civil actions, judgments, collection activities and related actions by claimants. The stay, in effect, provides time for the organization filing for Chapter 11 protection to form a reorganization plan detailing how the available assets that it has will be used to pay claims and negotiate reasonable settlements.

Will the Diocese still have to defend itself against lawsuits in civil court during reorganization?

No. Chapter 11 prevents all pending lawsuits from going forward, and prevents new lawsuits against the Diocese from being commenced, in favor of defining a coordinated and organized process for resolving claims in a fair and equitable manner.

How long does reorganization take under Chapter 11?

There is no set schedule as to how long it takes a debtor to reorganize under Chapter 11. Other dioceses have emerged from Chapter 11 within 2-5 years. The Diocese's hope is to bring this to a conclusion as soon as possible.

What does reorganization mean for victims and their court cases?

The Diocese has limited resources for adequately responding to claimants under the Child Victims Act. It is believed and hoped that Chapter 11 will provide the victims, any other claimants, as well as the Diocese and its insurers with a constructive process to resolve these claims, compensate victims in a fair, equitable, and timely manner, while continuing the work of the Diocese. As part of our reorganization plan, the Diocese intends to create a fund with a pool of money from both Diocesan funds and money from insurance carriers. The Diocese has provided counseling to victims and intends to continue to provide those services while in the Chapter 11 reorganization process.

Will the victims have the opportunity to receive resolution to their claims in a Chapter 11 process?

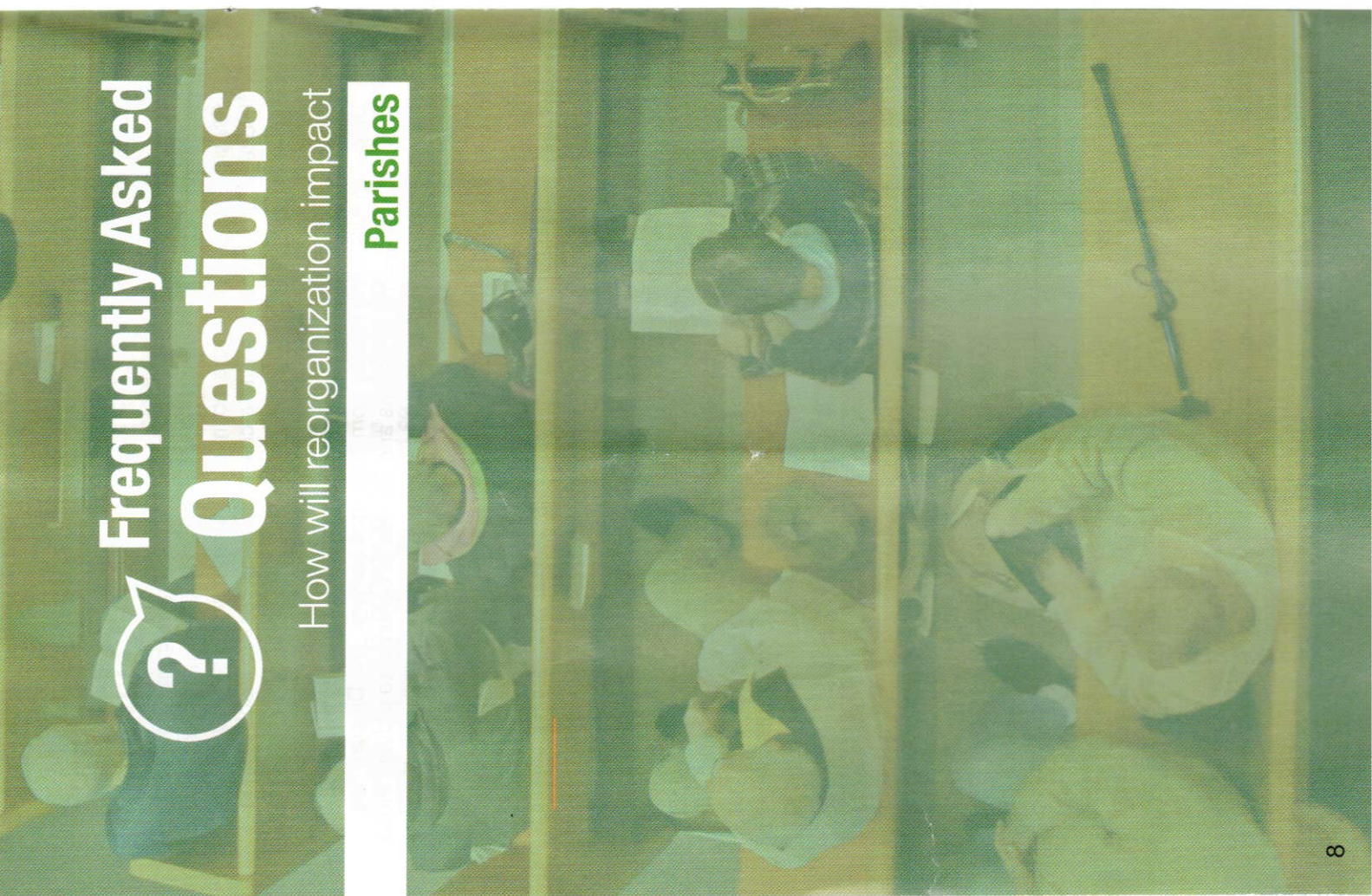
We believe that this approach offers the fairest outcome for all claimants who seek restitution and acknowledgment of the harm they have experienced.

What financial control will the Court have over the Diocese in Chapter 11?

The Court will hear and decide on the Diocese's requests to conduct business as usual, e.g. carrying out its ministries, paying its employees, while the Diocese develops and submits a reorganization plan to satisfy all claimants in a fair and equitable manner.

Will the Diocese be able to pay employees as usual as it reorganizes?

Yes, the Diocese will continue to pay employees and retiree benefits in the ordinary course of business. This is one of the benefits of Chapter 11 reorganization, namely, the ability to continue critical missions as normal.



Frequently Asked Questions

How will reorganization impact

Parishes

How will reorganization affect the daily operation of the Diocese, its parishes, schools and affiliated agencies?

The parishes in the Diocese of Buffalo are separately incorporated under New York State's Religious Corporation Law. Charitable entities such as Catholic Charities are separately incorporated under New York's Not-for-Profit Corporation Law. The ministries and operations of parishes and entities such as Catholic Charities should not be directly affected by the Diocese's Chapter 11 proceeding.

If the Diocese is in Chapter 11, is my parish in Chapter 11 as well?

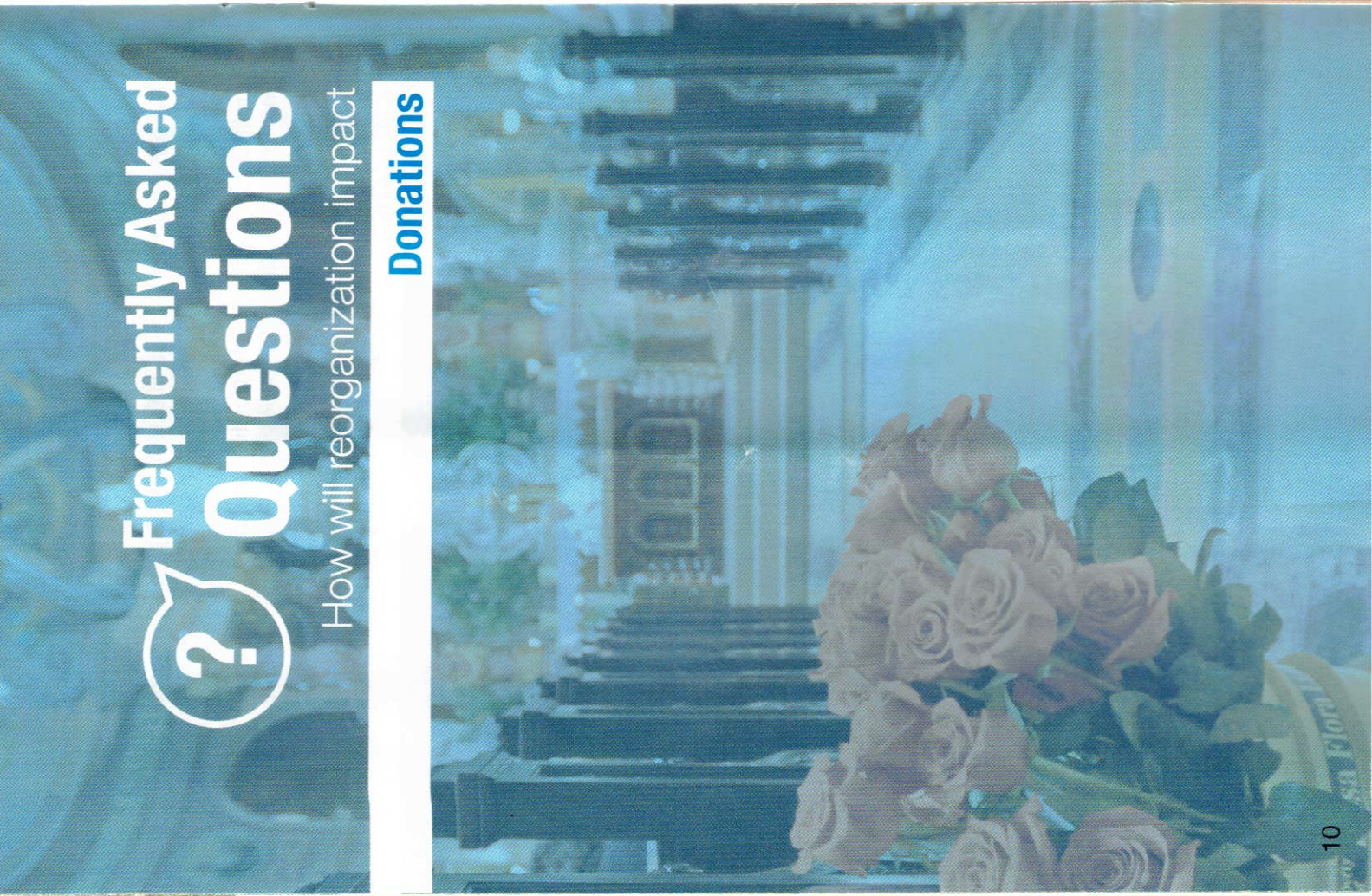
No. In short, all 161 parishes in Western New York will not be part of the Chapter 11 filing. Parishes are incorporated as separate entities and will not be in Chapter 11.

Will the Diocese sell parish property or use parish assets to pay its debts?

No. Parishes are incorporated as separate entities. The Diocese cannot use parish assets or property to settle claims. It is not expected that daily parish life, including the celebration of the sacraments, will be directly impacted by the Chapter 11 reorganization. One way in which the Diocese hopes to positively impact parishes is to seek a court-approved process which allows Child Victims Act-related litigation against affected parishes to be resolved in the same way as claims against the Diocese. If approved by the Court, claims against the parishes and Diocese are expected to be directed to a fund established for victims through what is known as a "channeling injunction." In this manner, all claims would be satisfied from the same fund.

What happens to my contributions made at the Sunday offertory - or my contribution to the annual Diocesan Appeal?

As part of the reorganization plan, the Diocese intends to create a Victims Fund with a pool of funds from the Diocese and insurance carriers. The Diocese is working with insurance carriers to determine the extent of coverage. Claims against the parishes, agencies and Diocese are expected to be directed to the Victims Fund through a process by which they are protected as part of the Chapter 11 reorganization. All claims would be satisfied from the same fund.



Frequently Asked Questions

How will reorganization impact

Donations

I am hesitant to give to an organization that is filing Chapter 11 reorganization. Why should I?

Your contributions provide funding to operate crucial ministries for people of all walks of life. While the Diocese reorganizes, these needs continue and can only be met with the financial support of the faithful. It is central to the reorganization of the Diocese that it must continue to fulfill its ministries to the people of Western New York.

Will my gift to Catholic Charities be used to pay legal settlements?

No. Catholic Charities is a separate legal entity, and its assets will not be used to pay obligations that are solely that of the Diocese.

What about donations to Fund for the Faith?

Donations received by the Diocese will be used, first and foremost, to fund the current ministries of the Diocese that are carried out during the 2020-2021 fiscal year. The Diocese anticipates that victim claims and legal expenses will be funded primarily from unrestricted reserves of the Diocese and available insurance.

What about my donation to Upon This Rock or the Foundation?

Donations, gifts and pledge payments made to Upon This Rock and/or the Foundation of the Roman Catholic Diocese of Buffalo (the "Foundation") will not be used to pay obligations of the Diocese. As a charitable entity separately incorporated under New York Not-For-Profit Corporation Law, the Foundation has a legal and fiduciary duty to ensure that restricted gifts and donations that are made to the Foundation are used to support the ministries and programs for which they were intended. In that regard, as the sponsor, processor and depository of the Upon This Rock capital campaign funds, Upon This Rock pledge payments are made to and held by the Foundation, not the Diocese of Buffalo.

The Foundation operates as a separate legal entity under the direction of its Executive Director and Board of Trustees. The Foundation continues to be committed to protecting and enhancing our donors' gift intentions and ensuring that those funds directly benefit the needs of various Catholic agencies and ministries which provide vital programs and services throughout the Western New York community.



Frequently Asked Questions

How will reorganization impact

Ministries & other institutions

Will ministries in the Diocese be affected in response to Chapter 11?

Chapter 11 is merely a means to carry out a financial reorganization, and will not be the cause of the closure of any ministries of the Diocese. At the same time, however, the Diocese will continue to review and assess its various ministries, priorities and the needs of those it serves, while balancing those needs against the imperative that its operations must be financially sustainable into the future.

Will there be any impact on cemeteries owned by the Diocese or on proceeds from pre-paid costs by those making arrangements in advance for themselves or their loved ones?

No. Catholic Cemeteries, which are held as separate legal entities, are outside of the Diocese. Such assets are not available for the Diocese to use to pay its liabilities, including claims of victims. The grounds will continue to be maintained.

Will Catholic Health (the group of Catholic hospitals of the Diocese) of the Diocese be affected?

No. Catholic Health is a separately incorporated Not-For-Profit corporation, and will not be included in the Chapter 11 filing or directly affected by it.

Will regional schools or parish schools be affected by Chapter 11?

No. Regional schools and parish schools are separately incorporated entities, and will not be included in the Chapter 11 filing.

What we have done and are committed to doing.

The Diocese of Buffalo pledges its unqualified commitment to insuring our parishes, schools and every entity connected to our Diocese are safe and holy environments for all. We wish to share what we have done and are doing.

1

Established an Independent Review Board for the Diocese of Buffalo, to offer guidance in responding to allegations. The Board is comprised mostly of lay professionals with expertise in law enforcement, mental health services and legal advocacy.

2

The Diocese appointed a Victim Assistance Coordinator who receives complaints and coordinates professional assistance for victims.

3

Initiated and implemented policies to prevent sexual abuse and harassment; and regularly provides training to all clerics, employees and volunteers within the Diocese.

4

The Diocese promptly reports all allegations of abuse to the appropriate civil authorities.

5

The Diocese has undertaken canonical proceedings, which can include laicization of proven offending clerics. Laicizing means a priest is permanently removed from the priesthood.

What Are We Doing to Create a Safe Environment for All?

PROMISE TO PROTECT



PLEDGE TO HEAL

Under the promulgation of the **Charter for the Protection of Children and Young People by the United States Conference of Catholic Bishops in 2002**, the Diocese of Buffalo:

1

Enhanced its Review Board, particularly with the addition of lay professionals with extensive experience in law enforcement, the provision of mental health services and legal advocacy.

2

Strengthened its relationships with law enforcement officials throughout the Diocese, in all eight counties.

3

Reviewed its past responses in individual cases and, when appropriate, removed offenders from public ministry.

4

Strengthened the screening process for men applying as candidates for ordination as priests and permanent deacons.

5

Instituted background checks including criminal history, for clerics, educators, employees and volunteers.

6

Developed Codes of Conduct and educated clerics, educators, employees and volunteers concerning their applicability in specific settings.

7

Publicized contact information for the Victim Assistance Coordinator and offered to all clerics, educators, employees and volunteers training on the process of reporting allegations.

8

Encouraged victims to report to civil authorities and to seek assistance. In addition, the Diocese has continued to report contemporary and past allegations to appropriate civil authorities.

9

In 2003, the Diocese launched a program to retrain all who work for the Diocese, in parishes, schools and in our affiliated agencies. Safe Environment Training and background checks are renewed every three years.

10

In 2003, the Diocese established the new Office of Safe Environment which oversees Virtus training for all Diocesan employees.

11

Conducted background checks and provided training for more than

25,000 clerics, educators, employees and volunteers since 2002

This is renewed every 3 years. The Diocese of Buffalo has been found in compliance with all provisions of the Charter for the Protection of Children and Young People in annual, independent audits that began in 2003 and continue to date.

How can I report suspected abuse?

If you believe that a child is in immediate danger, call 911 or your local police department. You can also make a report to the New York State Child Abuse Hotline: 1-800-342-3720.

What help will the Diocese provide victims?

To victims of abuse: You do not have to deal with this alone. The Diocese of Buffalo promises to:

Listen with compassion & understanding to your story and to investigate fully

Provide help with spiritual guidance

Provide the names of advocates, support groups, counselors & individual therapists

Protect your privacy

The Diocese and those who minister with victims understand that coming forward with a complaint might be difficult - even frightening. We sincerely want to ease your pain and help you find healing. We'll also provide a link to individuals not associated with the Diocese who can help you.

How does the Diocese pay for settlements with victims?

Settlements were funded from a variety of sources – including the Diocese's pooled, self-insurance program and accumulated reserves – with the largest amount having been paid through insurance coverage.

Have priests been removed from ministry when claims of sexual abuse of a minor were proven or acknowledged?

Yes. The Diocese confirms that all priests who have either acknowledged or proven allegations of sexual abuse of a minor have been removed from ministry. A list of priests and the dispositions of claims resolved since the Charter for the Protection of Children and Young People in 2002 can be accessed at buffalodiocese.org.

Is the abuse of children still happening?

To the best of our knowledge, there are no cases of abuse at this time. The Diocese has not had a report of contemporary sexual abuse of a minor since 2006, but we remain vigilant through ongoing awareness, training and adherence to Diocesan policy. Diocesan policy requires law enforcement to be notified whenever officials find someone is abusing a child.

Does the Bishop of the Diocese regularly meet with abuse victims?

As a matter of practice in policy, the Bishop regularly meets with abuse victims. This can be an important part of the healing process for those who have been harmed. Victims who wish to arrange a meeting with the Bishop should contact the Victim Assistance Coordinator at 716-895-3010.

How does the Diocese investigate an allegation? Are lay people involved?

Upon receiving notification of a complaint, regardless when it occurred, the Diocese conducts its own investigation, which is then reviewed by the Diocese's Independent Review Board, comprised of lay experts in law, child protection, law enforcement and psychology. If the allegation concerns a minor, law enforcement is contacted first.

What is the role of the Independent Review Board and who are its members?

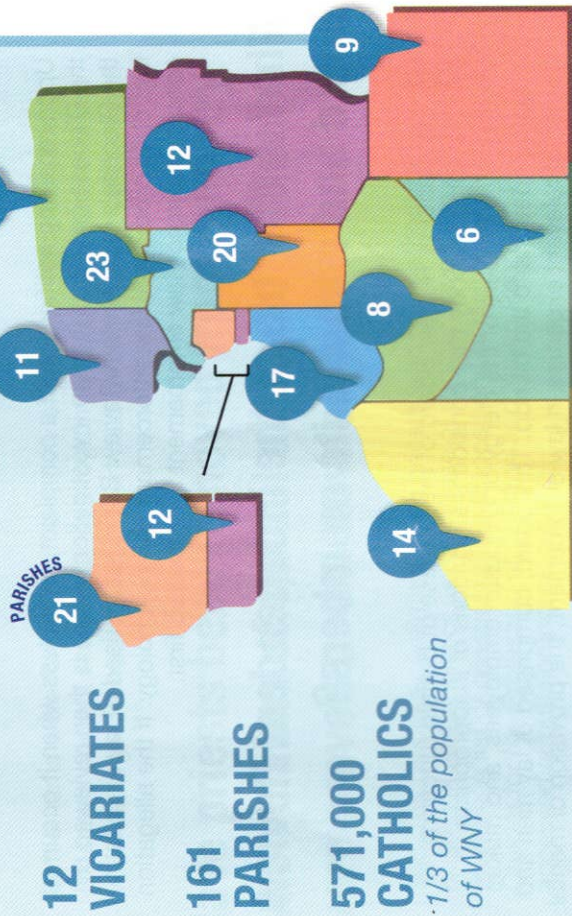
The Independent Review Board of the Diocese of Buffalo functions as a consultative body that considers allegations of inappropriate conduct by members of the clergy or Diocesan employees, and makes recommendations to the bishop. This board, comprised of lay men and women of relevant expertise in law enforcement, the provision of mental health services and legal advocacy, advise the Diocesan bishop in his assessment of allegations of sexual abuse of minors, or inappropriate behavior toward adults, makes recommendations about the suitability of the individual accused to continue in ministry or employment. The Review Board regularly reviews Diocesan policies and procedures for dealing with sexual abuse of minors. Any allegation of sexual abuse toward a minor is first reported to law enforcement authorities. A list of members is online at buffalodiocese.org.

Has the Diocese made settlements with victims of clergy sexual abuse?

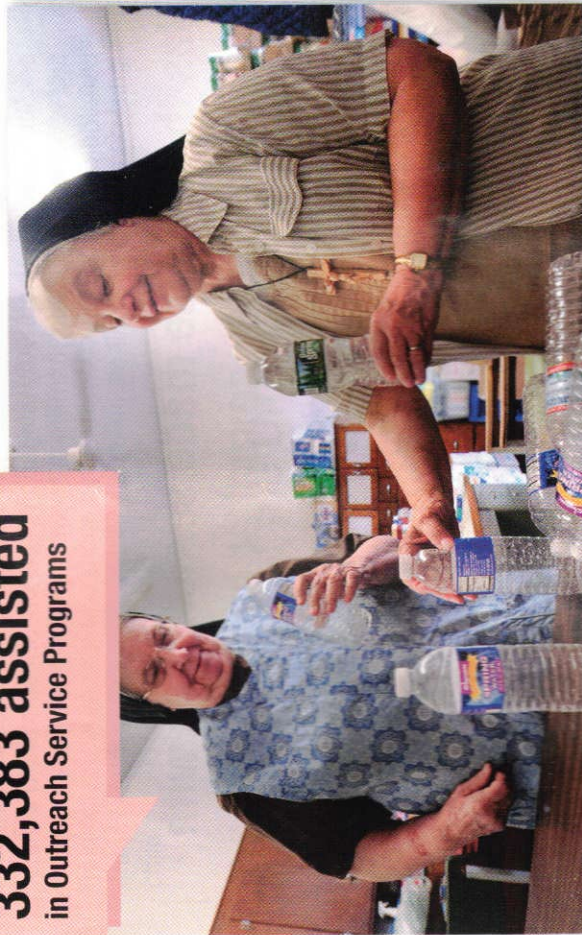
The Diocese has previously paid approximately \$18 million to victims of sexual abuse through the Diocese of Buffalo's Independent Reconciliation and Compensation Program.

IN THE DIOCESE OF BUFFALO...

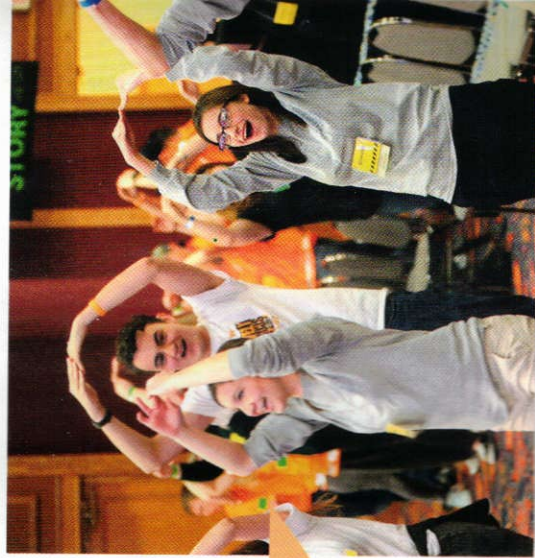
Most current stats from 2020



332,383 assisted
in Outreach Service Programs



30,371
Total Students in
Catholic Schools
and Education
Programs



158,455
of Catholic
Households



2,646
Infant
Baptisms

