



KEY INFORMATION REGARDING REORGANIZATION

The Diocese of Harrisburg filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code on February 19, 2020.

Chapter 11 is a voluntary action taken by a company or entity to reorganize financially, settle claims of those to whom it owes money and emerge with its operations intact.

A Chapter 11 filing with the U.S. Bankruptcy Court stops all efforts at collection of debts and legal actions against the entity.

The Diocese was a subject in the August 14, 2018 Pennsylvania Grand Jury Report. The Report chronicled a significant number of claims of sexual abuse of a minor, all dating back decades. The Diocese voluntarily instituted a “Survivor Compensation Program” in 2019 that was solely funded from the Priests’ Pension Fund. In the course of the Compensation Program the Pennsylvania Superior Court issued the “Rice Decision” that allows survivors to pursue their abuse claims through a Jury Trial and New Jersey opened a “window” for certain claims. The Diocese has currently been named in several suits concerning sexual abuse by clergy and other persons and it has been determined that the costs and settlements, or jury awards, will exceed our resources, causing the Diocese to be unable to litigate or settle these claims.

Under Chapter 11, an entity continues to provide employees with salaries and benefits, and retiree benefits. It continues to do business in a routine manner.

The Diocese believes Chapter 11 is the fairest course for all survivors, the best method to assure all survivors are compensated fairly and equally, and the best course to protect our ability to operate. Had the Diocese not filed for protection under Chapter 11, it would face multiple civil actions, a slow, unpredictable and costly process that would require years of court involvement, and those claimants who filed suits first would receive all available funds to the likely exclusion of other survivors. As a result, later claimants would receive nothing. Most importantly, such lengthy proceedings delay justice for the survivors and only add to their pain and suffering.

Chapter 11 will provide time for the Diocese to form a Reorganization Plan detailing how the available assets that it has will be used to pay claims and negotiate reasonable settlements. The Reorganization Plan must be approved by the Court.

As part of the Reorganization Plan, the Diocese intends to create a survivor’s fund with a pool of resources from the Diocese and insurance carriers. The Diocese is working with insurance carriers to determine the extent of coverage.

Future claims against the parishes and Diocese are expected to be resolved through a survivor’s

fund established as part of the Diocese's Reorganization Plan. Thus, all claims would be settled from the same fund. Final decisions regarding our financial plans must be approved by the Court.

Our parishes and entities are separate legal entities under Pennsylvania Law and are not part of this bankruptcy filing. The ministries and operations of parishes, schools and other entities, such as our Catholic Charities agencies, should not be directly affected by the Diocese's Chapter 11 proceeding.