

Roman Catholic Diocese of Harrisburg Settlement

Questions and Answers

On August 4, 2022 the Roman Catholic Diocese of Harrisburg (RCDH) arrived at an important milestone in its Chapter 11 bankruptcy proceeding by reaching a settlement agreement with the Tort Claimants Committee. The RCDH and the Committee will be filing a joint Plan of Reorganization with the United States Bankruptcy Court for the Middle District of Pennsylvania. This Plan of Reorganization establishes how the RCDH will satisfy the claims filed against it, how it will emerge from bankruptcy, and how it will operate as an organization going forward and continue to fulfill its mission as an organization. Typically, plans are confirmed within 90 days after they have been filed in court. Through this Plan, the RCDH is renewing its pledge and commitment to assist abuse survivors, and its commitment to foster spiritual growth and pursue the mission of the Church in central Pennsylvania.

Q: What does the settlement mean?

The settlement between the RCDH and the Tort Claimants Committee is an important step in moving the reorganization process to a conclusion. Through this settlement, the RCDH and related entities will (a) establish a Survivor Compensation Trust, (b) provide funding to the trust in an amount equal to \$7.5 million to provide financial restitution for survivors of clergy sexual abuse, and (c) adopt enhanced child protection protocols. The settlement terms will now be included in the Plan of Reorganization, which will be jointly filed by the RCDH and the Committee with the United States Bankruptcy Court for the Middle District of Pennsylvania.

Q: Where will the money for the Trust come from?

The RCDH and non-debtor related entities are funding \$7,500,000 to the Survivor Compensation Trust. The Roman Catholic Diocese of Harrisburg intends to use proceeds from the sale of unused land, interest/dividends from our investments, proceeds from cost saving initiatives and contributions from the Ad Hoc Committee to pay for these settlements. There is the potential that the Trust may also be funded through settlements with the RCDH's current and legacy insurance carriers. We continue to do all we can to honor the wishes of our donors by not using donor contributions for settlements and/or legal fees.

Q: Can the money I give my parish be used by the RCDH to pay the bankruptcy settlement?

No. The donations you make to your parish can only be used by your parish. The RCDH must fulfill its financial obligations included in the settlement by living within its means.

Q: What about money that is donated through the Diocesan Annual Campaign?

The Diocesan Annual Campaign monies are restricted donations that may only be used for the purposes, ministries and mission outlined in the annual Campaign materials. This includes support for our spiritual and educational ministries and programs, Catholic schools, Catholic Charities, and

vocations. The materials for the Annual Campaign specifically state that no gifts will be used to satisfy legal fees or settlement costs associated with clergy sexual abuse and this includes the costs associated with the RCDH reorganization. The same is true for the other special collections of the Diocese, including the Pentecost Collection, Matthew 25, and the Catholic Communications Collections. All of these collections are designated for specific programs or specific purposes.

Q: Will my parish be impacted by the settlement?

While the parishes, Catholic schools, Catholic Charities and the Pennsylvania Catholic Conference are all separate legal entities, they were invited to participate in an Ad Hoc Committee during the reorganization process. In order to be granted immunity from all claims/legal actions for past offenses, this committee was asked to make a voluntary contribution toward the overall settlement. All members of the Committee participated and once the Plan of Reorganization is approved, they will be provided protection by a channeling injunction and other related relief under and through the Plan.

Q: Did the RCDH force my parish or Catholic school to participate in the Ad Hoc Committee?

No. Participation was strongly encouraged, but each entity invited to the Ad Hoc Committee made their own decision on whether or not to participate. The RCDH was not involved in any of the conversations or deliberations of this Ad Hoc Committee.

Q: Will any parishes or schools be closing?

The RCDH will work to fulfill our financial obligations through the sale of unused land, interest/dividends from our investments, proceeds from cost saving initiatives and contributions from the Ad Hoc Committee.

Q: What will abuse survivors receive as a settlement?

Pending the approval of the Plan, abuse survivors will have their claims assigned to the Survivor Compensation Trust. A Trust administrator, and not the Diocese, will determine compensation amounts and claim eligibility.

Q: How much money has the RCDH spent on financial settlements prior to the bankruptcy?

Prior to filing for reorganization, the RCDH authorized an independent Survivor Compensation Program be established, in order to provide financial restitution to abuse survivors. Through this program, \$12,784,450 was provided to assist 111 survivors.

Q: How many claims were submitted through the bankruptcy process?

Approximately 54 timely filed proofs of claim from clergy abuse survivors were received during the reorganization process and may be eligible for financial distributions from the Survivor Compensation Trust.

Q: Why couldn't these claims be settled without filing for bankruptcy?

The Diocese settled 111 claims, totaling \$12,784,450, through the independent Survivor Compensation Program in 2019. However, some abuse survivors chose not to participate and/or accept settlement offers, choosing instead to file lawsuits. Changes in the law, along with an ever-increasing number of lawsuits, made it clear that the only way to bring about some closure and finality, while providing financial support for survivors, would be to do so under a Chapter 11 reorganization.

Q: Who is included in the Tort Claimants Committee?

The Official Committee of Tort Claimants represents survivors. The RCDH has been negotiating with this Committee for nearly two years and we are pleased that a settlement has been reached.

Q: How will the operations of the RCDH be affected by this settlement?

The Diocese has continued to operate throughout the reorganization process with little interruption to our day-to-day mission. We expect our work will continue in this manner through the conclusion of this process.

Q: What has been done to keep children safe?

The Roman Catholic Diocese of Harrisburg is committed to providing a safe environment for all children and vulnerable adults. Since 2002, the RCDH has had policies and procedures in place to ensure, as much as reasonably possible, that children are safe. Education, training and safe environment programs, stringent policies and procedures, and an annual audit of all our youth protection efforts have been in place for decades. And pursuant to the Plan, the RCDH is adopting enhanced policies and procedures to better protect our youth.

Q: But how can you be certain that children are safe?

We will never be able to provide a 100 percent guarantee that all children in our care will always be safe. However, we continue to do everything reasonable by following the United States Conference of Catholic Bishops Charter for the Protection of Young People, listening to the expert advice of our Diocesan Review Board, and following state youth protection laws. Our safe environment programs trained more than 11,000 priests, deacons, parish and school staff and volunteers during the 2021 reporting year, and have provided age- appropriate awareness training to our students in Catholic schools and religious education programs. There is never a guarantee, but the RCDH and our Church have taken steps to educate people and increase awareness of the warning signs of sexual abuse.

Q: What happens next?

The RCDH and the Tort Claimants Committee will file a joint Plan of Reorganization with the United States Bankruptcy Court for the Middle District of Pennsylvania for their review and approval.