



Questions and Answers

Chapter 11 Reorganization

On January 4, 2011, the Archdiocese of Milwaukee filed a petition to reorganize its financial affairs under Chapter 11 of the U.S. Bankruptcy Code. The following are questions and answers about the proceeding. If you have additional questions, please e-mail reorg@archmil.org.

Reasons for Filing for Chapter 11 Reorganization

1. Why did the archdiocese file for Chapter 11 bankruptcy protection?

We took this action because we believe it is the only way we could achieve two goals:

- To do as much as we can, as fairly as we can, to help all victims/survivors with unresolved claims – both those with claims pending and those who may come forward because of this proceeding, and;
- To continue providing the essential ministries and services of the archdiocese so that we fulfill our responsibilities to Catholics, parishes, schools, charities and others who rely upon the Church for assistance.

2. This is such a drastic step. Couldn't you find some way around it?

As a Church, we have worked for more than two decades to meet the needs of victims/survivors without taking this drastic action. Since the late 1980s, we have directed increasing resources toward providing financial, psychological, pastoral and spiritual support to victims/survivors.

Over the past 20 years, we have spent more than \$29 million to cover costs associated with this tragedy. Since 2002, we have sold property, liquidated savings and investments, eliminated ministries and services, cut archdiocesan staff by nearly 40 percent, and put all available real estate on the market in order to free up resources.

As a result, we have succeeded in reaching mediated settlements with nearly 200 individuals. We recently tried mediation with legal counsel representing victims/survivors to resolve our pending cases, but were unsuccessful.

In addition, legal costs continue to choke us and would only increase as pending lawsuits moved toward trial. The recent court decision that insurance companies need not contribute to any financial settlement and the notice that additional claims are going to be brought forward against the archdiocese reinforced our conclusion.

3. What caused this terrible situation?

We are in Chapter 11 for one reason: because priest-perpetrators sexually abused minors.



Compensating Victims/Survivors of Clergy Sexual Abuse

4. How will this help victims/survivors who have unresolved claims receive fair treatment?

A Chapter 11 reorganization will enable the court to compensate all these individuals in a single process, ensuring that each is treated equitably. By serving as a kind of “last call” for financial claims against the archdiocese, we believe it will encourage victims/survivors who have not yet identified themselves to come forward so they share in the resources available for compensation and healing.

5. Do you believe that victims/survivors are being treated fairly?

Each victim/survivor has a right to his or her own answer to that question. What we do know is that this proceeding will ensure that all victims/survivors with unresolved claims against the archdiocese are treated equitably. Our goal continues to be reconciliation with those who have been harmed so that these individuals and their families can find peace.

6. Will insurance companies still be part of a resolution with victims/survivors?

In November, the Wisconsin Court of Appeals ruled against the archdiocese in a pending case against our insurance companies, making settling these cases without the financial contribution of insurance much more challenging. In December, the archdiocese asked the Wisconsin Supreme Court to review the lower court’s ruling. While we are hopeful the court will take our case even though they are not obligated to do so, there would be no guarantee how the Wisconsin Supreme Court would rule.

Looking Forward

7. How will this help the archdiocese continue to operate?

In a reorganization, like this Chapter 11, a determination is made about how much of its existing financial obligations can be paid and a payment plan, called a Plan of Reorganization, is developed to pay those amounts.

In a reorganization, the archdiocese continues to conduct its normal activities. However, all non-routine decisions and expenditures must be approved by a bankruptcy court judge, with the goal of continuing operations, and in this case, essential ministries, on a permanently sustainable basis. Chapter 11 protection will enable us to continue providing core programs and services while we work with the court and our creditors to create a plan for distributing available assets for payment of claims that are determined to be allowable.

Ultimately, this action will allow the archdiocese to move forward on stable financial footing.

8. What have you learned from the clergy sex abuse crisis?

We’ve learned profound lessons and we’re still learning. When this issue first began to surface, Church leaders and the experts they consulted -- including doctors, psychologists, and therapists -- thought counseling could “cure” a perpetrator and reassignment was sometimes possible. (For an overview of the archdiocese’s response to the clergy abuse crisis, go to www.archmil.org and search “historical overview.”)

Over the past 20 years we have gained a much deeper understanding of causes and devastating effects of clergy sexual abuse of minors; how to prevent, detect and deter it; and how we can best support those who have been harmed by it. We know we can continue to improve in all these areas and are committed to doing so.



The Reorganization Proceeding

9. What happens now?

The Chapter 11 process provides federal court supervision of the development of a plan that requires two things: first, that the remaining archdiocesan resources must be fairly allocated and, two, that the plan be feasible and not likely to require any further modifications to keep the archdiocese financially viable.

10. When will this be over?

Judging from bankruptcy proceedings involving other dioceses in the United States, we expect to complete the reorganization process in 12 to 18 months. But it's important to realize we will never put the clergy sex abuse scandal "behind us." It has become a permanent piece of both our history and, as a Church, it has created a need for ongoing ministry to those who have been harmed.

Finances of the Archdiocese of Milwaukee

11. How much money does the archdiocese have?

The archdiocese's audited financial statements for the year ending June 30, 2010, show total assets of \$98.4 million. The large majority of those assets – more than \$90 million -- are monies that do not belong to the archdiocese, are restricted by donors for designated purposes, or are offset by corresponding liabilities.

To see more detail on the assets held by the archdiocese, visit www.archmil.org and search "financial overview."

12. Are those all the assets?

Yes. Our audited Financial Statements have been posted on archmil.org since 2002, when we stopped producing an expensive, printed Annual Report. We disclosed our financial picture to attorneys for the plaintiffs and the judge serving as mediator in our recent mediation sessions. We have, and will continue to maintain, an open-book policy when it comes to our finances. In the Chapter 11 proceeding, the archdiocese will file detailed schedules of its assets and liabilities.

13. What will be left after the bankruptcy?

The goal of a reorganization plan is to compensate creditors as fully as possible, while leaving the organization with enough resources to carry on its operations. After reducing expenses and using available assets for many years to cover costs associated with this tragedy, we already are a threadbare organization. While we can't quantify the impact of the reorganization at this point, we will share information as it becomes available.

14. Do you have insurance to cover any of the costs related to this action?

Insurance policies do not cover bankruptcy.

Outreach to Victims/Survivors

15. What have you done so far to help victims/survivors?

Organized institutional outreach to victims/survivors of clergy sexual abuse dates back to the mid-1980s. Since the late 1980s, we have devoted increasing resources to providing financial, psychological and spiritual support to victims/survivors. This has included coverage of therapy costs, financial compensation, face-to-face and written apologies, spiritual counseling and other forms of support. Perhaps most notably, through an independent mediation process began in 2004, we have succeeded in reaching resolution with 190 individuals.



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On a deeper level, we have engaged in years of painful self-examination as we have come to understand the long-term effect on victims of childhood sexual abuse. Those who have come forward and courageously told their stories have helped us see the mistakes that were made. They were the courageous ones and the reason we are a different and better Church today.

16. Could this happen again?

A primary concern of victims/survivors is to ensure that no child ever again experiences the abuse they themselves suffered. We hope there is comfort in knowing we have adopted every policy and practice outlined in the Charter for the Protection of Children and Young People, which has been cited as the most rigorous measure ever taken by any organization to protect children. Most importantly, no priest against whom an allegation of sexual abuse of a minor has been substantiated is allowed to ever function publicly as a priest again.

For more detailed information on what the archdiocese has done and continues to do to address the concerns and needs of victims/survivors, visit www.archmil.org and search “keeping children safe.”

17. Have you met with victims/survivors to hear their stories?

Yes, Archbishop Dolan, while Archbishop of Milwaukee, frequently met with victims/survivors of clergy sexual abuse and their families, to allow individuals to share their experience. Archbishop ListECKI continues this outreach to survivors and their families and Bishop Sklba has done the same for decades.

Impact on the Catholic Church

18. How will this affect my parish and/or parish school?

Parishes are separate civil corporations under state law. Neither the pending lawsuits against the archdiocese nor the Chapter 11 filing involve parishes or parish schools.

19. How will this affect the archdiocesan high schools?

The archdiocesan high schools are all separate civil corporations. Some of these schools have long-term leases with the archdiocese which will be unaffected by the reorganization proceeding.

20. What will happen to the Archbishop Cousins Catholic Center?

We have been attempting to sell the Cousins Center property for several years and will continue to do so, assuming the court and our creditors agree. The property currently carries a \$4.65 million mortgage, which was taken out in 2006 to help pay the archdiocesan portion of a resolution of lawsuits filed by victims/survivors in California.

21. Could this issue simply have been addressed sooner?

The Church’s formal response to clergy sexual abuse of minors began in the mid-1980s, when society at large gradually began to understand the nature and severity of this tragedy in the Church and other parts of society. Because of that, we have engaged in years of painful self-examination as we have come to understand the long-term effect on victims of childhood sexual abuse. In short, both the Church’s finances and the reputations of Church leaders have been badly damaged. But we are a different Church and a better Church today because those victims/survivors had the courage to come forward and lead us to new awareness and action.