

ARCHDIOCESE OF SANTA FE
FREQUENTLY ASKED QUESTIONS ABOUT REORGANIZATION

Why is the Archdiocese of Santa Fe filing for Chapter 11 reorganization?

For over 25 years, the Archdiocese of Santa Fe has been a leader among its peers in addressing sexual abuse of children by clergy. In addition to the proactive steps the Archdiocese has taken, claims by survivors of child sex abuse have consistently been settled by the Archdiocese in a mediation process that has been respectful of the pain of the survivors, while providing fair financial compensation. Nearly 300 claims have been settled in this manner. Claims are often brought by survivors years, or even decades, after the abuse has taken place. Although insurance has paid a substantial portion of these settlements, the resources of the Archdiocese have been diminished. In order to be certain that all claims of child abuse survivors can be settled fairly and equitably, Archbishop Wester, after extensive consultation from lay and pastoral leadership alike, reached the conclusion that Chapter 11 reorganization under the Bankruptcy Code provides the best opportunity to provide fair compensation across the board.

What type of bankruptcy is the Archdiocese filing?

The Archdiocese of Santa Fe will be filing a Chapter 11 bankruptcy, which allows for the continued operation of the mission of the Archdiocese to the Catholic community and the community as a whole, while providing a framework to settle all child sex abuse claims that are made in the reorganization process. Thus, the Archdiocese believes that Chapter 11 will allow its parishes, schools, charities and cemeteries to continue their service to the community, while at the same time, achieving the best possible result with regard to financial compensation to all victims of sexual abuse.

What will happen with regard to people who believe they have a claim for clergy sexual abuse against the Archdiocese, but have not yet filed a lawsuit or otherwise notified the Archdiocese of their claim?

All such sexual abuse survivors will have the opportunity to file their claims with the Bankruptcy Court, confidentially if they wish, during a designated period which is usually four to six months after the bankruptcy has been filed. There will be extensive notice in all media that is intended to reach anyone who believes they may have such a claim, but have not yet pursued it. Valid abuse claims that are filed after the bankruptcy will be treated equitably, and in the same manner as those claims that have already been filed.

Will the operations of schools, parishes, and other services provided under the auspices of the Archdiocese of Santa Fe be affected?

In the approximately 20 other cases where Dioceses and Archdioceses have filed Chapter 11 bankruptcy, the operations of the parishes, schools, and other services to the Catholic community have not been materially affected. For the foreseeable future, current wages and benefits will continue to be paid. It is not anticipated that parishes, schools, or other services that are provided

within the Archdiocese will be affected, but at the same time, the leadership of those institutions will be involved and working with the Archdiocese and the survivors to draft what will ultimately be a resolution that all parties believe is fair and reasonable.

Will the abuse victims have their day in court in bankruptcy?

Yes. Although upon the filing of bankruptcy, the existing lawsuits will be stayed and not proceed forward, and no new lawsuits may be filed, the sexual abuse claimants will continue to be represented by their attorneys in the bankruptcy. In addition, the claimants will have the opportunity, in the bankruptcy process, to have a committee appointed, usually of five to seven abuse survivors, who as a representative group will have the opportunity to hire expert bankruptcy counsel to represent the broader group of all sexual abuse claimants.

What have the results been with regard to other Dioceses, Archdioceses, and Catholic entities who have filed bankruptcy due to abuse claims?

Except for three or four cases that are still pending, all of the previously-filed bankruptcies of Dioceses, Archdioceses and related entities have been resolved with the affirmative consent of the abuse claimants, usually after a period of mediation involving the claimants, the Diocese or Archdiocese and insurers. After the four to six month period in which sexual abuse survivors may file claims, it is likely the mediation process will begin in an attempt to resolve all claims, which will include unknown or future claims that will be provided for in a separate trust. All of the successful reorganizations of Dioceses around the country have occurred with the express consent of the abuse victims, and have also provided for the continued operations of those Diocese in serving the faithful and the community at large.

How long will this bankruptcy take?

In general, the cases have taken at least a year, partially because the first six months are taken up with determining how many additional claims might be filed, in addition to the existing known claims. Some cases have been concluded in less than a year and a half. The length of time is often tied to how long mediation takes to reach a consensus amongst the abuse survivors, the Archdiocese, and its insurers.

I understand that bankruptcy is expensive—how much will it cost and who is going to pay it?

The cost of bankruptcy is borne by the Archdiocese, which effectively means that the more economical the Chapter 11 process can be, the more funds will be available for financial compensation for abuse survivors. It is the stated goal of the Archbishop in this case to do everything possible to minimize the administrative expense of a bankruptcy, and experience has taught us that the best way to accomplish that goal is to stay at the mediation table as long as it takes to reach a consensual deal amongst all the parties.

Where does the bankruptcy take place, and in which court?

The bankruptcy is being filed in the United States Bankruptcy Court for the District of New Mexico, located in Albuquerque. It is expected that all of the Bankruptcy Court hearings, which will be open to all of the parties and the public, will be at the Bankruptcy Court in Albuquerque,

and the bankruptcy Schedules and other paperwork, except for filings that are made to protect the confidentiality of sexual abuse claimants who wish to remain anonymous, are available for public review.

How does the Archdiocese “exit” bankruptcy?

The Archdiocese will be working closely with its insurers and the abuse survivors to put together a consensual Plan that will allow for the full settlement of all sexual abuse claims, including unknown claims which are sometimes referred to as “future claims.” These are claims that might not be filed in the bankruptcy, and have not been filed or noticed before the bankruptcy, but might be the basis for a claim for an incident of abuse that occurred before the bankruptcy was filed. In virtually all of the Diocese bankruptcies, a future claims trust is created and funded, and that trust would handle these types of claims, so a new lawsuit would not be necessary. Again, while the bankruptcy Plan process is going on, the mission work of the Archdiocese and the services provided by parishes, schools, and other members of the Catholic community will continue.

I still have questions about the Archdiocese bankruptcy. Where do I get answers?

Submit your questions to your pastor, who can forward them to the appropriate person at the Archdiocese to answer, or simply contact the Archdiocese directly with your questions.