

Milwaukee Archdiocese reaches \$21 million settlement with abuse survivors

By Brian T. Olszewski

Catholic News Service

MILWAUKEE – The Archdiocese of Milwaukee has reached a \$21 million settlement with abuse survivors, according to an Aug. 4 announcement.

The settlement is part of an agreement on a reorganization plan reached by the archdiocese and the Official Committee of Unsecured Creditors, which has sought compensation for victims/survivors of clergy sexual abuse.

Chief Judge Susan V. Kelley of the U.S. Bankruptcy Court for the Eastern District of Wisconsin now must rule on the organization plan. It will be submitted to her Aug. 24, with a ruling expected in early November.

The agreement comes more than four years and eight months after the archdiocese filed for Chapter 11 bankruptcy. That action followed failed mediation with 15 abuse victims/survivors in which the archdiocese had offered a settlement of \$4.6 million.

According to the agreement, 330 abuse survivors will share \$21 million. The amount for each will be determined by a court-appointed claims administrator who will evaluate claims in two of the four classes of abuse survivors listed in the plan, and make recommendations to the committee as to final compensation.

The four classes include 579 claims filed in Chapter 11. The first class includes 223 abuse survivors whose claims were against “an Archdiocese of Milwaukee priest with a previous substantiated allegation of sexual abuse of a minor,” according to information provided by the archdiocese.

The second class is comprised of 107 claims involving abuse by a religious order

priest, brother, sister or lay employee who experienced the abuse at an archdiocesan parish, school or institution where the abuser worked.

Jerry Topczewski, chief of staff for Milwaukee Archbishop Jerome E. ListECKi, explained why those claims were included, even though they did not involve archdiocesan priests.

“To get a settlement, we compromised. We thought because this abuse occurred at an archdiocesan parish, school or institution where the abuser was working, we felt that was a compromise that was just,” he said.

The 92 claimants in the third class are those whose claims against the archdiocese are not substantiated or could not be substantiated, or where abuse occurred by someone at a non-archdiocesan organization.

“The creditors’ committee – and that’s an important distinction – is setting aside money to say to them, ‘We will give to them a small amount of money, \$2,000 each, at our choice, out of the settlement,’” Topczewski said, noting it is a set amount not subject to review by the claims administrator.

The fourth class is comprised of 157 claimants whose claims were either disallowed or dismissed or whose claims are not for sexual abuse or do not identify the abuser. This group also includes claims filed by 84 individuals who had previously received a financial settlement from the archdiocese. None in this class receive payment.

Part of the compensation for victims/survivors will come from insurance settlements totaling \$11 million, including \$7.4 million from Lloyd’s of London and \$2.3 million from OneBeacon Insurance Group.

The archdiocesan Cemetery Perpetual Care Trust “will voluntarily lend us \$3 million – the same as they were going to do in the original plan (of reorganization),” Topczewski said.

Funds in the trust are earmarked for cemetery maintenance to provide perpetual care for the archdiocesan cemeteries that cover 1,000 acres of land where more than 500,000 people are interred.

Attorneys for the victims/survivors had argued the funds should be used to compensate victims.

The trust will reimburse the archdiocese \$5 million for perpetual care that covers the last five years. The trust will contribute another \$8 million “to settle all pending litigation to bring closure to the cemetery trust issue,” according to information provided by the archdiocese.

The market value of the cemetery trust has been listed as high as \$65 million, providing it with the resources to continue providing the perpetual care for which people paid.

One of the concerns regularly mentioned by the court, attorneys and public throughout the proceedings was the cost of the Chapter 11 process. More than \$12 million has been paid to attorneys and other professionals, while another \$6.5 million has been accrued but not paid. As part of the agreement, additional legal fees have been capped at \$1.25 million.

Topczewski said, “Abuse survivors will receive more money than will be paid out in professional fees, which was important to abuse survivors and it was important to us, too.”

From the outset, Archbishop ListECKi insisted any plan of reorganization had to include a therapy fund. That \$500,000 fund, made possible by contributions from parishes, will provide abuse survivors with access to therapy and counseling for as long as they need it.

Other key provisions of the agreement include:

- All Archdiocese of Milwaukee parishes, schools and institutions will receive a legal and binding release protecting them from future lawsuits relating to abuse claims that were filed or could have been filed in the Chapter 11 proceeding.
- Archdiocesan offices will remain at the Cousins Center in the city of St. Francis. According to Topczewski, “It is not on market. Part of the plan was to stay here. Economically, there is no reason for us to move.”

- Once the plan is approved, the cemetery trust will voluntarily withdraw its request asking the U.S. Supreme Court to review the March 9 decision by the 7th U.S. Circuit Court of Appeals that said there was no First Amendment protection in Chapter 11 bankruptcy proceedings for the cemetery trust. Attorneys for the archdiocese had argued that to use cemetery monies to compensate abuse victims would violate Archbishop ListECKI's religious freedom rights as the trustee for the cemetery fund.

"We have a new day," Topczewski said.

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