



ARCHDIOCESE of BALTIMORE

Archdiocese Pastoral Council Chapter 11 briefing Wednesday, Sept. 13 by Zoom Meeting Minutes

Present: Archbishop William E. Lori, Ms. Anita Cain, Ms. Stephanie Clancy, Mr. James Conway, Mr. Andrew Likoudis, Ms. Elaine McCubbin, Ms. Agnes Nepomuceno, Ms. Gloria Olivares, Mrs. Annalynne Reddington and Mr. Larry Simmons

Excused: Ms. Sara Miller, Ms. Uju Okwesili, Ms. Consuelo Petro, Mrs. Lee Anne Santiago and Mr. Alexander Wright.

Guests: Bishop Adam J. Parker, Mr. Christian Kendzierski, Mr. David Kinkopf, Mr. Blake Roth and Ms. Yvonne Wenger.

Archbishop Lori convened this specially called virtual meeting of the APC to discuss the Archdiocese's decision to consider whether to file for Chapter 11 bankruptcy protection or individually litigate expected cases filed under a new Maryland law that eliminates statute of limitations and repose relating to civil claims of child sexual abuse. This meeting was one of multiple consultations the Archbishop held ahead of the law's effective date of Oct. 1, 2023.

The meeting was called to order at 5 p.m.

Topics Addressed: Maryland's new law lifting the statute of limitations on past cases of child sexual abuse

- I. The Archdiocese of Baltimore expects to face a large number of lawsuits of historic cases of child sexual abuse that were previously barred by Maryland law. The Archdiocese is looking for the best path forward to accomplish two overarching goals: to equitably compensate victim-survivors of child sexual abuse and ensure the local Church can continue its mission and ministries.

One path forward would be to file for Chapter 11 reorganization. This would allow the Archdiocese to be reorganized while victim-survivors would be compensated and the Church would continue its mission and ministry. Chapter 11 reorganization is different from Chapter 7 bankruptcy where organizations sell all of their assets to satisfy creditors and shutter their doors.

The primary other path would be to litigate or try to resolve cases individually. This could lead to staggering legal fees and large settlements or jury awards for a few victim-survivors. Litigating individual lawsuits is expensive, slow and unpredictable, resulting in those claimants who filed suits first receiving all available funds while later claimants receive

nothing. Given the Archdiocese's limited financial resources, this path could deplete the Archdiocese's finite resources, leaving the vast majority of victim-survivors without compensation and the local Church unable to continue its ministries.

Some say the new law is not constitutional, and lawsuits are expected to be filed against many entities throughout the state. The Maryland Supreme Court will decide the question of whether the law is constitutional. This is likely to be a lengthy process.

In other diocesan Chapter 11 reorganizations, the court has set a period of time for victim-survivors to submit claims. Victim-survivors, dioceses, and insurance companies have negotiated toward an agreed-upon plan that provides a process for all victim-survivors to be compensated while the operations and ministries of the reorganizing diocese continue. After victim-survivors agree to the plan and the court approves it, future claims related to past incidents of abuse cannot be brought against the diocese and would be channeled to the established trust.

More than 30 other Roman Catholic dioceses in the United States have filed for reorganization under Chapter 11. The reorganization process typically takes about 3 years, although there are some outliers.

Discussion with Members

In response to questions from APC members, it was noted that:

Filing for Chapter 11 reorganization would likely preclude the Archdiocese from taking the lead on challenging the constitutionality of the new law;

The decision of whether to file for reorganization is under active consideration and the filing could occur as early as Sept. 29;

It was expected that in the Chapter 11 process, the Archdiocese would continue its ordinary course operations and continue to provide employees with salaries and benefits, and retiree benefits;

A review of plans approved in other diocesan bankruptcies around the country indicate that on average about 55% of the trust funds established to compensate victims have come from insurance companies while about 45% of the funds have come from Catholic Church entities, with the largest portion coming from the dioceses themselves (from their long-term, unrestricted assets) and a relatively small portion from parishes, schools, and other entities related to the dioceses; and

The Maryland Catholic Conference provided information during the legislative session to the General Assembly about the new law's likely impact on the Church.

IV. Closing prayer

Archbishop Lori offered a closing prayer and the meeting concluded at 6 p.m.