

Q: Why did the Diocese file for Chapter 11 bankruptcy protection.

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

- First, we want to do as much as we can, as fairly as we can, to compensate those who have been harmed.
- Second, we want to carry on the essential ministries of the Diocese so we can continue to meet the needs of our parishes, parishioners and others who rely upon the Church for assistance.

Q: How did the Diocese get into this situation?

This situation was caused by the grievous and reprehensible sins committed in the past by individual priests and deacons and, in some instances, the failure of Church leadership to appropriately address the behavior during that time period.

Q: How will this help abuse survivors who have unresolved claims receive fair treatment?

The 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 Diocese, we believe it will encourage abuse survivors who have not yet identified themselves to come forward so they can share in the resources available for compensation and healing.

Q: How many abuse survivors have come forward with claims?

As of today, there are 85 individuals who have come forward with claims. During the proceeding, the judge will set a deadline date for individuals to file claims, so we expect that number to rise.

Q: What about those who don't come forward by that deadline?

We know that many abuse survivors only come forward when they feel they are ready to tell their story. However, part of this process includes providing notice and encouragement for abuse survivors to come forward during the Chapter 11 proceedings. Also, a fund is established to provide compensation to any claimants who fail to file within the deadlines set by the Court.

Q: Why are there so many new claims?

In 2021, the Louisiana Legislature adopted a law removing the statute of limitations for child sexual abuse litigation for a three-year timeframe, allowing lawsuits to be filed with regard to child sex abuse no matter when the abuse occurred. This allowed for the filing of claims that otherwise would have been barred because the abuse occurred decades earlier. More than half of these claims involve allegations from the 1970s or earlier. Nearly all the claims which include the name of the alleged perpetrator are allegations against individuals who are dead.

Q: How will this help victims/survivors receive fair treatment?

Chapter 11 will allow the Diocese to use its available funds to compensate all abuse survivors with unresolved claims in a single process overseen by a court, ensuring that all are treated equitably. As a Church, we must continue our endeavor to right these wrongs despite our limited resources. This reorganization will allow us to atone for the sins of the past, while allowing us to continue the important work of Church.

Q: Will insurance companies be part of this proceeding?

The Diocese has limited insurance coverage remaining from previous decades when the abuse in the claims was alleged to have occurred, but a significant number of claims fall in periods where there is no insurance available. Any applicable insurance will be utilized; however, those proceeds will not be sufficient to satisfy the expected number of claimants.

Q: Where will the money come from?

The Diocese operates on a limited budget, with serious cuts and reductions made in recent years. For example, ...(insert 1 or 2 examples)

With rising costs, including rising health insurance costs, the Diocese is already under significant financial strain. While further cuts may need to be made, seeking a court-supervised reorganization will enable us to address these claims while continuing our mission and remaining in operation.

Q: How will this proceeding help the Diocese operate?

In a reorganization, a determination is made about how much of the Diocese's existing financial obligations can be paid. A payment plan, called a Plan of Reorganization, is developed to pay those amounts. The Diocese is working to ensure that this process will be as seamless as possible. We have already begun negotiations with claimants and

creditors so that a settlement agreement can be reached as quickly as possible to reduce both the time and money spent on lawyers and other professionals.

Q: How long will the proceeding last?

Bankruptcy is a lengthy and costly process, but Chapter 11 does provide a framework to bring all parties together to resolve claims fairly under the supervision of the bankruptcy court. Even though this case is not complicated, the entire proceeding could last 18-24 months. The bankruptcy will likely cost \$1-2 million. This amount is significantly lower than most other Chapter 11 proceedings involving Dioceses and Archdioceses in the United States.

Q: How much money does the Diocese have?

The Diocese has limited assets. We do have insurance coverage for some of the years when abuse occurred and we will pursue our rights under those policies. Currently, the Diocese believes it can contribute \$4 million to a Plan Trust that will be used to compensate abuse survivors.

Q: What will be left after the bankruptcy?

The goal of a reorganization plan is to compensate creditors as fully as possible, while leaving the Diocese with enough resources to carry on its future operations. We already have a threadbare organization, so we can't quantify the impact of the reorganization at this point. This is something we will continue to share information about as the proceeding moves along.

Q: Have other Dioceses in the U.S. faced similar circumstances?

More than 45 Dioceses across the United States have filed for Chapter 11 Bankruptcy under similar circumstances, including the Archdiocese of New Orleans. More than half of those that have filed for Chapter 11 Bankruptcy have now resolved the claims brought against them and exited bankruptcy.

Q: How did Bishop Marshall make the decision to enter bankruptcy?

Bishop Marshall consulted with lawyers, the Diocesan Finance Council, the priest College of Consultors and Priest Council, as well as bishops from other Dioceses before making the serious decision to enter bankruptcy. It is important to note that the bankruptcy filing has been approved under canon (Church) law and the Vatican provided its permission and approval to proceed.

Q: What will bankruptcy mean for abuse survivors?

Our intent is to provide fair compensation for all abuse survivors. In a Chapter 11 filing, the bankruptcy court supervises the process in which available funds are distributed to claimants and creditors. Abuse survivors are typically represented in this process by attorneys who have filed the claims on their behalf. The court will also establish a “creditors’ committee,” which will include abuse survivors, that will make decisions during the process.

Without a structured process of this kind, funds would be exhausted in the first settlements or cases that go to trial, leaving nothing for all the other claims waiting to be heard.

By filing for Chapter 11 all present and future lawsuits that are brought about during the bankruptcy are “stayed” (placed on hold) and are instead routed through the process agreed upon in the reorganization filings. This means that the Diocese and claimants will not go through civil court but instead will engage in the settlement process laid out in the reorganization filings.

Q: What impact will this have on Diocesan staff and services?

In a reorganization, the Diocese continues to conduct its normal activities, with a goal of continuing operations on a permanent and sustainable basis. Chapter 11 will enable us to continue providing core programs, service and essential ministries while we work with creditors on our plan for distributing available assets to those with viable claims.

Although there will be difficult decisions to be made, this action will achieve our goals of providing compensation to abuse survivors and moving forward on stable financial footing.

Q: How will this impact our parishes?

Parishes of the Diocese are separately incorporated from the Diocese, meaning that each is a distinct financial and legal entity. The Chapter 11 filing will not involve parishes or parish schools.

Q: Is filing Chapter 11 the reason the Diocese initiated the *Together As One Church* Pastoral Plan?

Our *Together as One Church* Pastoral Plan was initiated in response to the needs of parishioners today and into the future. We want our focus to be on mission, not maintenance. We can no longer ignore current trends, such as declining Mass attendance and number of baptisms, or financially sustain our present number of parishes. Our hope is that the Pastoral Plan, when implemented, will allow all of us to focus more on evangelization, vocations and ministry.

Q: What about parishes that are combining and / or selling property?

For those parishes and/or missions that will combine, all assets (and liabilities) are transferred to the “receiving” or neighboring parish. The parish also takes on the responsibility of providing for the spiritual needs of the people in their newly expanded area.

If there is a sale of property, the proceeds remain with the parish to be used for the needs of its people. No funds will be given to the Diocese. The bankruptcy, and all costs associated with it, are the responsibility of the Diocese.

Q: What have you done to help abuse survivors?

It has been the longstanding goal of the Diocese to seek reconciliation with abuse survivors. The Diocese has, for many years, offered resources and counseling services to victim-survivors. Besides the pastoral care extended to those who have been harmed and anyone who seeks such support and reconciliation, financial settlements have been reached in the past with some abuse survivors.

Q: Could this happen again?

A primary concern of abuse survivors is to ensure that no child ever again experiences the abuse they themselves suffered. We hope there is comfort in knowing that, as a Diocese, we have adopted every policy and practice outlined in the U.S. Bishops’ Conference’s *Charter for the Protection of Children and Young People*.

In addition, the Diocese has implemented measures such as VIRTUS and [Safe Environment](#) practices designed to recognize and prevent future offenses. [The Office of Safe Environment](#) provides education resources for children, clergy, religious and laity (employees and volunteers) in the prevention of and recognition of child abuse. We also require criminal background checks on all clergy, religious and laity who have contact with minors.

We also remain committed to transparency. [In 2019, the Diocese published the names of all clergy who have been credibly accused.](#) The list resides on the Diocesan website.

Q: What about our donations?

Contributions to specific appeals or funds such as the annual Diocesan Appeal, the fund for Seminarian Education or the fund for Priests Retirement are restricted funds that can only be used for the specific purpose for which they were collected. They are not part of the bankruptcy proceeding and cannot be used to resolve debts or claims.

Q: What can the Faithful do?

There are three things Catholics can do. First, join together in prayer for our community, for those who have suffered from abuse, and for all those involved in this difficult decision and the ensuing process.

Second, remain vigilant to ensure these horrible sins are not repeated. The protection of the young and vulnerable must remain a cornerstone of who we are as people of God. Parishioners, school parents and others can make sure the requirements of the Safe Environment Program are followed in their parish and make the commitment to being an advocate for the safety of the young and vulnerable.

Third, you can be an active member of your parish and a witness to the Gospel in your community, by attending Mass and supporting your priests in their ministry and supporting your parish through your time, treasure and talent.