

Frequently Asked Questions – Chapter 11, The Parishes, and the Plan.

What is Chapter 11 Reorganization?

Reorganization under Chapter 11 is a proceeding commenced in federal court voluntarily by an entity to allow it to reorganize financially. The goal of Chapter 11 reorganization is to enable an entity such as the Diocese to respond to the claims of creditors and to emerge from bankruptcy with its operations intact so it can continue its mission. A Chapter 11 reorganization immediately stops all efforts to collect debts and all legal actions against the entity. Chapter 11 does not mean the entity is going out of business or is insolvent.

How does Chapter 11 Reorganization work?

This filing allows the Diocese of Ogdensburg to restructure its finances. It stops the collection of debts and legal actions against the Diocese, allowing it to develop a reorganization plan that will determine what assets will be used to settle claims. Had the Diocese not sought to reorganize under Chapter 11, a lengthy series of civil actions would have ensued, with claimants who filed the first lawsuits receiving settlements, and leaving no money for the remaining claimants.

Why did the Diocese seek reorganization under Chapter 11?

As a result of the New York State Child Victims Act, and then the Adult Victims Act, the Diocese faced multiple claims of sexual abuse of minors, all dating back decades. Litigation costs and settlement or jury awards would likely have exceeded many millions of dollars. The Diocese simply does not have enough resources to have settled or litigated these claims.

What if the Diocese didn't file Chapter 11?

The Diocese would have faced multiple civil actions, which would have required years of court involvement. Those claimants who filed suits first would have received all available funds with which the Diocese could pay the victims. As a result, later claimants would have received nothing. Most importantly, these lengthy proceedings would have delayed justice for victims, prolonged their pain and suffering, and diverted the attention and energy of diocesan personnel from their service to the people of the North Country. It is also important to note that through the Diocese's bankruptcy proceedings, the Diocese was able to have all civil actions against Parishes stayed as well.

How has reorganization affected the Victims' right to their day in court?

Without reorganization, the Diocese would have continued to face multiple civil actions; A slow, unpredictable, time-consuming, and costly process which would have required further years of court involvement. Most significantly, such lengthy lawsuits would serve to delay justice for the victims, and

only prolong their pain and suffering. Chapter 11 affords a coordinated, organized forum where all victim claims can be heard and be given due consideration, while also allowing the Diocese to continue to fulfill its day-to-day ministries to the people of Northern New York.

How is filing for a Chapter 11 Reorganization fair to abuse victims?

As part of our ministry, the Diocese desires to respond to the claims of victims in a way that acknowledges what they have suffered, and helps them to find some sense of peace. We have hired professionals to help evaluate the claims filed by the victims, so that we might respond responsibly to these claims. Chapter 11 reorganization ensures that all victims are treated fairly. Without such a filing, large jury awards or settlements for cases that move through the legal system early could exhaust available resources, and leave little or nothing for victims whose cases move through the legal system later. Reorganization is fairer to all victims.

What does the Chapter 11 filing mean for Parishes?

It is, and has been, our sincere hope and prayer that the process to resolve claims will have minimal effect on the celebration of sacraments and regular Parish life. Some Parishes have been directly sued under the Child Victims Act and/or Adult Victims Act, and that does create the potential for Parish liability. While we have kept Parish involvement as limited as possible, it is necessary that Parishes contribute to the funds available to deal with victims' claims.

What does this mean for Catholic entities other than Parishes?

Some entities have been directly served under the Child Victims Act and/or Adult Victims Act, and there is a potential for liability. However, the Plan we are submitting resolves claims against the entities and Parishes. This process has not negatively impacted the mission and operation of Catholic entities in the Diocese.

What about my Bishop's Fund contributions? Will they be used for the settlement?

The Bishop's Fund Appeal funds essential ministries in our Diocese, including Education of Seminarians, Camp Guggenheim, the Good Samaritan Fund, the Training of Permanent Deacons and Lay Ministers, as well as many other ministries. It is our intent to use Bishop's Fund donations for the essential ministries of the Diocese for which they were donated.

Why is it important that the Parishes and Catholic Entities contribute to the Settlement Trust?

The successful approval of the plan of reorganization is critical to the entire Catholic family. The Parishes and other entities are intertwined for structural reasons, including joint or common insurance. The Diocese could not assemble sufficient funds to pay the \$45 Million settlement amount on its own.

Paying this settlement amount requires contributions from every Parish and all Catholic entities. In addition, contributing to the Settlement Trust will enable each Parish to receive relief from any lawsuits brought against the Parish.

Must every Parish and Entity contribute?

Yes. Our insurers will require all Parishes and other Catholic entities to participate in the settlement trust. Additionally, the Diocese does not have the ability to assemble \$45 million required to settle the Child Victims Act cases. Without participation from every Parish and Catholic entity, the settlement Plan will not succeed, and we will not be able to give victims the justice they deserve. And, as is noted above, as a direct result of participating in the settlement fund each Parish will receive protection from claims asserted against it (i.e., this resolves claims against Parishes as well as claims against the Diocese).

How much will my Parish be required to contribute to this Settlement?

The Parishes combined will contribute a total of \$28.6 million, out of the \$45 million settlement amount. While the contribution of each Parish to the settlement trust differs, based on multiple factors, each Parish's ability to pay has been carefully considered, so as to ensure that these Parish contributions are sustainable, even if unquestionably difficult, and will not cause irreparable harm to these communities. There is no doubt that this will be a challenging cost, but we are hopeful that through cooperation amongst the Catholic family, and with God's Grace, we will come through this equipped to continue the mission.

Why do Parishes and some other Catholic Entities need to file a "Rapid Pre-Packaged Chapter 11 Case"?

To get the maximum protection for Parishes and some other entities, they must file a "Rapid Pre-Packaged Chapter 11 Case" and receive a discharge in bankruptcy. With the uncertainty in the law now, resulting from a recent ruling of the Supreme Court, it has become clear that following the procedure of filing the "Rapid Pre-Packaged Chapter 11 Case" is the safest, most effective, and proper way to proceed.

How long will the Parishes and other entities be in Bankruptcy?

It is our hope and belief that the Parishes and other entities will be in bankruptcy a very short time. In the Diocese of Rockville Centre, where this process was pioneered for use in Diocesan Reorganization cases such as ours, the Parishes and other entities were in and out of bankruptcy in 19 hours.

How does this “Rapid Pre-Packaged Chapter 11 Case” work?

Each Parish and entity will file a Chapter 11 bankruptcy case, but only at the last minute, once we know that we will have enough votes to confirm the Diocesan Plan of Reorganization. The Diocesan Plan will be filed on or about August 25th, 2026. If enough votes to confirm the plan are cast, the Parishes will file their “Rapid Pre-Packaged Chapter 11 Case.” Assuming a smooth pathway through the bankruptcy court, we anticipate the Chapter 11 Plan of Reorganization to be “confirmed” in early 2027. No Parish or entity will file unless there are sufficient votes to confirm the Plan. The result will be that the Parishes and other entities will receive a bankruptcy discharge for all alleged abuse cases, so that in future, no abuse claims which date from prior to the filing of these individual Chapter 11 cases can be brought against the Parishes or other entities.