News



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The St. Paul-Minneapolis Archdiocese will pay roughly $23.5 million as part of its $210 million bankruptcy settlement, court documents filed in late June show.

On June 28, the archdiocese and the unsecured creditors' committee, which represents 450 survivors of clergy sexual abuse, filed in U.S. Bankruptcy Court their joint plan for reorganization along with a disclosure statement of the archdiocese's finances, including a breakdown of the settlement's funding sources.

The filing represented the next step toward bankruptcy resolution for the archdiocese after it was announced May 31 it had reached a settlement with its creditors totaling $210,290,724 — the largest payout via bankruptcy proceedings in the Catholic Church's clergy sex abuse scandal.

According to the disclosure statement, the archdiocese's portion of the settlement is $23,475,000. More than two-thirds of the funds come from the sale of real estate, including its chancery and Hayden Center administrative building, and of other

assets, as well as $6 million from the general insurance fund.

Additionally, the archdiocese will make payments of $1 million to the trust annually for five years.

The bulk of the $210 million settlement is through insurance providers for the archdiocese and parishes: $142,375,000 from 13 archdiocesan insurance carriers, and $22,255,724 from insurers for the parishes and other Catholic entities.

Other contributions to the settlement include:

- $4 million from the archdiocesan employee medical and dental plan;
- $4 million from the sale of land to three high schools;
- $8.6 million ($7.8 million from the archdiocese; $825,000 from the parishes) in expected value through the sale of claims tied to the 2003 liquidation of The Home Insurance Company.

In the disclosure statement, the archdiocese said the payments from the health and dental plan "is intended to reflect contributions by employers, not individual employees and the Archdiocese does not believe that this will impair the ability of the [medical and dental plan] to pay claims." It also states it anticipates no changes in funding or contribution levels to the priest health and dental plan, nor to the layperson retirement and pension plans or the priests' pension plan.

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A hearing date has been set for Aug. 9 for U.S. Bankruptcy Judge Robert Kressel to approve the disclosure statement. The reorganization plan would then be turned over to creditors who will vote to accept or reject the plan.

Mike Finnegan, an attorney with Jeff Anderson & Associates that is representing alleged abuse survivors in the proceedings, called the joint filing "another step toward resolution."

"Thank you to all of the survivors who stood up and spoke their truths. Your voices were heard," Finnegan said in a statement.

Thomas Abood, chair of the archdiocese's finance council and its reorganization task force, said in a statement released by the archdiocese, "The key element of this plan

is that it is a consensual agreement among all parties working to resolve the bankruptcy and bring a measure of financial justice to those who have been harmed while also allowing this local Church to continue in its mission."

Abood added that the plan could be "modified and refined" before its confirmation, but anticipated only minor adjustments.

"We expect the final approved plan will be in substance what we have filed today," he said.

The settlement was reached nearly three and a half years after the archdiocese filed for Chapter 11 reorganization in January 2015, and five years after Minnesota's Child Victims Act opened a three-year window into the state's statute of limitations on filing sexual abuse lawsuits.

As of March 31, legal and professional fees in the bankruptcy proceedings approached $20 million: for the archdiocese, $10.2 million, and for the creditors' committee, $7.6 million.

The plan also outlines the process whereby claimants will received payments from a trust set up as part of the settlement.

A trustee, identified in the plan as the California-based consulting firm Berkeley Research Group, will be appointed to administer the trust and distribute funds. The plan stipulates that a minimum of $50,000 be awarded to each claimant.

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