



DIocese OF FRESNO
CHANCERY OFFICE
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FREQUENTLY ASKED QUESTIONS

HOW DID THE DIOCESE GET IN THIS SITUATION?

We are in this situation because of grievous sins committed by individual clergy and a smaller number of the laity in the Diocese. It is these evil acts that brought us to this place – not the survivors of sexual abuse seeking justice.

WHY DOES THE DIOCESE HAVE TO FILE FOR BANKRUPTCY?

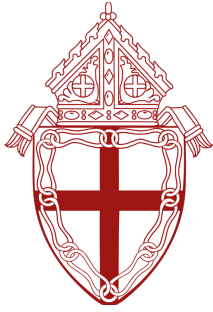
Based on the total expense required to resolve these claims, it is possible the Diocese could be rendered insolvent. Under the circumstances, the Diocese needs to seek a reorganization under Chapter 11 of the Bankruptcy Code. Chapter 11 is a financial reorganization process that allows the filing entity to continue its operations while attempting to resolve its liabilities. Many dioceses and archdioceses and related Catholic entities around the country, including several in California, have already filed for Chapter 11 and are attempting to reorganize their financial affairs under the supervision of the United States Bankruptcy Court.

Bankruptcy is a costly and lengthy process, but it does provide a framework to bring all parties together under the supervision of the bankruptcy court to resolve claims with the resources available.

Importantly, in the context of a diocesan bankruptcy, survivors of clergy sexual abuse would be represented in a bankruptcy proceeding by a Unsecured Creditors' Committee, and a fund would be established for distribution to the survivors as fairly as possible, once their claims are allowed after an expedited mediation process.

WHAT DOES THIS MEAN FOR MY PARISH OR SCHOOL?

The parishes in the Diocese are unincorporated associations, and with the exception of seven parish schools, all of the schools in the Diocese are owned and operated by the Diocese of Fresno Educational Corporation, a separate non-profit corporation. The secular embodiment of the Diocese is the Roman Catholic Bishop of Fresno, a California corporation sole (the "RCBF"). The RCBF is the only entity filing for Chapter 11. The expectation is that the parishes, the school corporation and Catholic Charities would be largely unaffected by the RCBF filing a bankruptcy petition.



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The two Diocesan high schools—San Joaquin Memorial in Fresno and Garces in Bakersfield—would not be included in a filing as they are owned and operated by the Diocese of Fresno Education Corporation. We expect this would also be the case for Our Faith, Our Family Our Future Foundation, Inc. and Catholic Charities of the Diocese of Fresno. These corporations would be largely unaffected by the Diocese filing a bankruptcy petition.

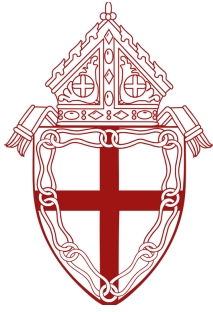
HOW WOULD THE WORK OF THE DIOCESE CONTINUE AFTER A FILING?

In a bankruptcy filing, the Diocese would continue its regular operations while giving creditors time to come forward with their claims and negotiate a fair plan of compensation. Chapter 11 bankruptcy is a reorganization, with the goal of negotiating a plan to compensate to the extent possible those who are owed money while the Diocese continues functioning. Employees will be paid their normal wages during this process and benefits will continue uninterrupted.

A bankruptcy filing would allow representatives of the Diocese, the survivors, other creditors and the insurance carriers to attempt to reach agreement on how much of the Diocese's existing obligations can be paid through both Diocesan contributions as well as available insurance coverage, and propose a reorganization plan. If no agreement can be reached, the bankruptcy court would decide. The Diocese would continue its normal business operations, but expenses and decisions outside the normal scope of operations would have to be approved by the bankruptcy court. This would allow the Diocese to continue the programs and ministries it provides to parishes and the poor while working with creditors to satisfy its obligations.

WHAT WOULD A BANKRUPTCY MEAN FOR SEXUAL ABUSE SURVIVORS?

In a Chapter 11 filing, the bankruptcy court supervises the process by which whatever funds are available to survivors and creditors are distributed as fairly as possible. Survivors of sexual abuse would be represented in this process, typically by attorneys who have filed the survivors' claims and the Committee of Unsecured Creditors. The intent is to provide fair compensation to the greatest extent possible for all survivors who have not yet had their case heard in court or reached a settlement.



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IS FILING BANKRUPTCY A WAY TO HIDE ASSETS FROM VICTIMS?

No. The Chapter 11 process is extremely transparent and public. All the debtor's assets are put on the table and creditors – and the public – see all the assets available to resolve claims.

HOW CAN THERE BE SO MANY NEW CASES?

In 2018, the California Legislature approved AB 218, a bill that lifted the statute of limitations for three years on child sex abuse litigation and allowed survivors to file suits regardless of when the abuse occurred. That three-year “window” for filing cases that otherwise would have been barred closed on December 31, 2022.

The vast majority of the claims are alleged to have occurred prior to Diocese's reforms and improved safeguards in 2002. While this does not diminish the evil that was done, it does convey some hope that the measures we have taken to safeguard the young and vulnerable are working.

CAN THE DIOCESE PAY THESE CLAIMS?

We currently have a balanced operating budget and sufficient funds to continue our normal operations. However, it must be recognized that the value of Diocesan assets available to resolve claims, including any available insurance coverage, may not be sufficient to cover the liability associated with these new claims. This situation would render the Diocese “insolvent.”

WHO WILL PAY FOR THESE CLAIMS?

The Diocese, as in the past, will pay for the claims from funds that are available to be used for such purposes. In addition, there is some insurance to cover abuse that occurred in past decades.

WILL THE VATICAN HELP PAY THESE CLAIMS?

That is not an option. In fact, dioceses all over the world support the Vatican, which is an independent entity. There are no Vatican funds available to us in this situation.



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HOW CAN THE FAITHFUL HELP?

I have asked everyone in the Diocese to pray, persistently, for the survivors of clergy sexual abuse. The pain caused by the sins committed against these innocent survivors is unending, and so our prayers for their healing must be unending as well. Parishioners also can help by working every day to help ensure these horrible sins are not repeated. We must make the protection of the young and vulnerable a cornerstone of who we are as People of God. Parishioners, school parents and others can seek out the Safe Environment Program in their parish and commit to being a vigilant advocate for the safety of the young and vulnerable.

I recognize these are not all the questions you may have, and more are sure to arise as the situation becomes clearer. We will continue to update and inform the people of our Diocese in the coming weeks and months.

Without your continued support, the Diocese could not provide its critical services to those most in need. I am grateful for your generous gifts of time, talent and financial resources.