

Parish Questions and Answers Regarding the Diocese Filing

General Q&A

1. What is Chapter 11?

Chapter 11 is a legal mechanism for court-supervised reorganization or restructuring of a corporation's obligations. Chapter 11 provides a way for a corporation to address its financial condition in order to remain a viable entity, while continuing day-to-day operations.

2. Why did the Diocese of Rockville Centre (The Diocese) file for Chapter 11?

The Diocese took this action to ensure the viability of its ongoing mission and charitable services, while it works toward a fair and equitable way to compensate survivors of sexual abuse who brought lawsuits under the Child Victims Act. Ensuring fair and equitable settlements with all survivors requires the Diocese to manage the increasing costs of this litigation. Filing will allow the Diocese to work toward a settlement with survivors AND, at the same time, maintain its mission; serving the common good of all.

3. What entities are included in the Chapter 11 filing?

Only the Diocese itself is included in the filing. Parishes, Catholic schools and religious orders within the Diocese are not included in the filing. The Diocese of Rockville Centre is a distinct religious corporation from the Parishes, some of which include Catholic Schools as part of their missions.

Some of the Parishes are named in Child Victims Act lawsuits along with the Diocese. The Diocese will ask the Bankruptcy Court to “stay,” or halt, any civil actions against the Parishes and bring these cases under the umbrella of the process to resolve abuse lawsuits that they expect to set up in the Chapter 11 case.

4. How does the Chapter 11 filing impact DRVC Schools?

Parishes, elementary schools and high schools are separate legal entities from the Diocese and are not filing Chapter 11. The Chapter 11 filing is not expected to have a direct impact on the day-to-day operations of our schools or parishes. The continued employment, salaries, and benefits of DRVC school employees also will not be impacted by this filing.

5. Why choose bankruptcy?

We hope this choice will establish a single process to compensate all survivors. We believe this offers the best opportunity for equitable settlements for all survivors.

6. Why now?

The Diocese has been named in more than 200 lawsuits since the Child Victims Act went into effect August 14, 2019. It has become clear to the Diocese that, to ensure that available financial resources are distributed fairly, it must mitigate the increasing litigation expenses and implement a comprehensive and equitable settlement with all survivors.

7. Is the bankruptcy a way to minimize your financial responsibilities to the victims?

No. The bankruptcy process will provide a transparent look at the Diocese's financial status. All documents filed in a Chapter 11 are available publicly, including information about financial resources, borrowing, insurance coverage, investments, pension obligations and expenses. It will be plain to see what the Diocese can afford to pay survivors. Our goal is to compensate the survivors of abuse as equitably as possible while continuing with our charitable missions.

8. What happens to the lawsuits that have been filed against the Diocese?

The Chapter 11 filing triggers a "stay" that essentially freezes all litigation against the Diocese. The Diocese will work with all survivors, within the Chapter 11 process, to finalize a settlement of the litigation claims. The claims and settlement will be part of the Diocese's Plan of Reorganization and must be approved by the Court before the Diocese can emerge from bankruptcy.

9. Does the Diocese have enough money to continue operating?

The Diocese believes its current and future liquidity will be sufficient to fund normal operations and services during the restructuring process and beyond. Vendors will be paid for all goods and services after the filing, and transactions that occur in the ordinary course of business will continue as before. Employees will be paid their normal wages, and health and benefits programs will continue uninterrupted.

10. How long will the Diocese be in Chapter 11?

The Diocese of Rockville Centre will work to emerge from Chapter 11 as soon as possible. Given the seriousness of this situation, and the importance of dealing fairly with the survivors of abuse, we cannot give a definitive end date at this time.

11. Have other Dioceses filed and come out of Chapter 11?

Yes. Since the Child Victims Act was enacted and the window opened on August 14, 2019, four of the eight dioceses in New York have filed Chapter 11. While the New York Dioceses are still in the reorganization process, many other dioceses across the country have, through the Chapter 11 process, reached settlements with survivors of abuse.

12. Will my gift/donation to the CMA or other specific funds to be used to pay legal settlements?

No. Gifts and donations that are made to the CMA or to support specific ministries and programs will only be used for those purposes. Designated gifts can only be used for the purposes for which they were and are given.

13. Where did the Diocese file? Who is the judge? What is the case number?

The petitions were filed in U.S. Bankruptcy Court for the Southern District of New York. The judge is the Hon. [name]. The main case number is [to be provided].

14. Where can I find Chapter 11 case information?

To ensure access to all restructuring information, the Diocese of Rockville Centre has created a link to its Reorganization Information page on the diocesan website, www.drvc.org, which contains a variety

of information on our Chapter 11 restructuring. The Diocese has also set up a toll-free information line for inquiries at (888) 490-0633. For access to certain court documents and other information about our Chapter 11 case, please visit <https://dm.epiq11.com/drvc>.

Parish Q&A

15. Is our Parish included in the DRVC Chapter 11 filing?

No. Our Parish is a separate legal entity and therefore not included in the Chapter 11 filing of the Diocese.

16. Will our Parish file bankruptcy too now that the Diocese has filed?

No. There are no plans for parishes to file for Chapter 11.

17. What if our Parish has been named in a sexual abuse lawsuit? Will we need to file for bankruptcy to resolve it?

The Diocese will ask the Bankruptcy Court to “stay” or halt any sexual abuse actions against parishes and bring these cases under the umbrella of the process in order to resolve them.

18. Will my donation to the Parish during Mass now be used to settle sexual abuse lawsuits?

No. Monies collected from donors and parishioners will not be redirected toward litigation settlements.

19. What effect will the filing have on the operations and stability of Elementary and High Schools?

Each school is a separate legal entity from the Diocese and is also not included in the bankruptcy filing.

Schools continue to pursue a variety of initiatives aimed at stabilizing and revitalizing. Today’s Chapter 11 filing, and the related legal proceedings, will not have direct impact on their day-to-day operations. The continued employment, salaries, and benefits of school employees will not be impacted by this filing.

20. Is there a chance that money for the DRVC schools could be used to pay abuse settlements?

Tuition, philanthropic support, and parish support of schools will, as always be fully dedicated to funding the operations of the schools are not impacted by the Diocese’s Chapter 11 filing.

21. If a parishioner has made a designated gift or donation to this parish, will that money remain here, or can it be moved to the Diocese for settlement purposes?

Designated gifts and donations are protected under New York state law and cannot be used to settle claims.

22. Will the Diocese lay off any employees as a result of the restructuring?

The Diocese has already made extensive budget cuts that resulted in the reduction of approximately ten percent of its workforce. At this time, no additional layoffs are expected.

23. The Diocese administers the lay and clergy pension and 403B funds, along with health and welfare benefits for parishes. Will there be changes in these programs? Will these funds be available to use for settlements?

The Diocese serves only as the administrator of these funds. The actual funds are held in trusts that are not available to any party for reasons other than the payments to beneficiaries as laid out in the various programs. We expect no changes in these programs as a result of the Diocese's filing.

24. Is there a chance that the Diocese will sell this Parish or other real estate to help settle claims?

No. This parish and any real estate surrounding it are property of this parish, which is a separate legal entity from the Diocese. The Diocese does not have a legal right to sell property that belongs to a parish corporation.

25. If our parish has been the subject of a sexual abuse allegation or lawsuit, what impact does the Diocese's filing have?

The bankruptcy process should bring closure to the lawsuits facing the Diocese and a release for all parishes from any and all abuse claims. As we move through the settlement process, additional information will be available.

Additional Information is also available by clicking on the restructuring icon on the DRVC website: www.drvc.org.