



DIOCESE OF CAMDEN

FREQUENTLY ASKED QUESTIONS

The Diocese of Camden has filed for Chapter 11 Reorganization Pursuant to the United States Bankruptcy Code

- 1. What exactly is Chapter 11?** Chapter 11 reorganization is a process pursuant to which an entity seeks to reorganize financially under court supervision. The twin goals are for an entity to equitably and proportionally address the financial claims of those to whom it owes money and to emerge with its operations intact. A Chapter 11 filing immediately stops all efforts at collection of debts and legal actions against the entity. It does not mean that the entity is closing or terminating its programs. Under Chapter 11, an entity is able to maintain its normal operations, continue to provide employees with salaries and benefits, and pay retiree benefits.
- 2. Why is the Diocese seeking reorganization under Chapter 11 now?** The cost of settlements through the Independent Victims Compensation Program, which was established to provide expedited payments to victims of abuse, has already exceeded \$8 million, and the Diocese's financial position has been impacted as a result of the COVID-19 pandemic. Additionally, the recent repeal of the statute of limitations has resulted in over 50 lawsuits being filed against the Diocese involving long-ago claims of abuse. These factors have presented a financial position that is no longer sustainable, and the Diocese seeks to equitably and proportionally address the claims that it confronts, to address future claims that might arise, and to enable it to continue its missions of evangelization and service.
- 3. What if the Diocese did not file for Chapter 11?** Multiple civil actions will entail expensive legal fees and years of court involvement. This would also create challenges

for victims of abuse because the first survivor to obtain a judgment against the Diocese could possibly receive substantially all available funds, leaving few – or no – resources available for other survivors. As a result, later survivors could receive nothing, and the Diocese would be left with insufficient resources to continue assistance to survivors and its other critical programs. More important, such lengthy proceedings delay justice for survivors and prolong their uncertainty. Through the Chapter 11 process, those making valid claims against the Diocese will be recognized, and provided with a reasonable path to recovery. Filing Chapter 11 is the only realistic course of action to provide for the fair and equitable distribution of available assets to survivors given the current financial condition of the Diocese.

4. Who made this decision to file for reorganization under Chapter 11? The Bishop of Camden made this decision in consultation with the College of Consultors and the Diocesan Finance Council, consisting of experts in finance, the diocesan Finance Office, and the diocesan attorneys.

5. Has this been approved canonically? Yes, the Vatican issued the *nihil obstat* of the Holy See, in accordance with the Code of Canon Law of the Roman Catholic Church.

6. Are other New Jersey dioceses in Chapter 11 reorganization? Not as of this date.

7. Do legal costs associated with this filing add to the Diocese's financial burden? There are legal costs associated with proceeding under Chapter 11, but the legal expenses incurred in addressing these long-ago claims and lawsuits would be even greater.

8. What is the legal effect of the Diocese's filing pursuant to Chapter 11?

One important aspect of filing for Chapter 11 protection is that filing stops civil actions, judgments, collection activities and related actions. The stay provides time for the Diocese and all stakeholders to analyze the available resources and to present a

reorganization plan detailing how the available assets can be used both to pay claims and enable the Diocese to continue its important work.

- 9. How long does reorganization take under Chapter 11?** There is not a set schedule on how long it takes to reorganize under Chapter 11. The Diocese intends to seek to bring this process to a conclusion as expeditiously as possible.
- 10. What financial control will the Court have over the Diocese in Chapter 11 reorganization?** The Court will permit the continued operations in a fully transparent manner. The Diocese intends to carry out its ministries, pay its employees, and maintain its critical programs. While the Diocese undertakes the process of submitting and obtaining approval of a plan of reorganization, it will be required to make regular financial reports of its activities to the Court.
- 11. Is the Chapter 11 process open and transparent?** Yes, since all documents and proceedings are available to the public, both on the Court’s website and on our case claim and noticing agent’s dedicated case site (<http://cases.primeclerk.com/camdendiocese>), which can also be found at camdendiocese.org/reorganization. These documents include extensive financial disclosures.
- 12. What does reorganization mean for survivors and their court cases?** The Diocese has limited resources to respond to the claims involving long-ago reports of abuse. The Chapter 11 process will provide survivors and any other claimants with a process where all of their claims can be resolved, and the survivors compensated, in a fair and reasonable manner.

The Diocese has and will continue to provide therapeutic counseling to anyone needing those services during the Chapter 11 process.

- 13. How will the Chapter 11 Reorganization impact Diocesan priests, deacons and seminarians?** Our filing should have no impact on our priests, deacons, and seminarians.
- 14. Will the Diocese be laying any employees off as a result of restructuring and reorganization?** There are no current plans to reduce staff or programs.
- 16. Will the Diocese be able to pay employees as usual as it reorganizes?** Yes, the Diocese will continue to pay employees and retiree benefits in the ordinary course of business.
- 17. How will reorganization affect the daily operation of parishes, schools and affiliated agencies?** Our parishes and schools are separate legal entities, distinct from the Diocese, as are charitable entities such as Catholic Charities. The ministries and operations of parishes and entities, such as our Catholic Charities agency, should not be affected by the Chapter 11 proceedings.
- 18. If the Diocese is in Chapter 11 reorganization, is my parish or school in Chapter 11 as well?** No. Parishes and schools are separate entities and are not part of the Chapter 11 filing.
- 19. Will the Diocese sell parish property or use parish assets to pay its debts?** The real estate and parish assets are owned by the respective parishes and are not the property of the Diocese to sell.
- 20. Will the gift I place in the collection plate go to pay for these proceedings?** The money you place in the collection plate will be used to fund your individual parish.
- 22. I am hesitant to give to a “Chapter 11” organization. Why should I?** Your contributions provide funding to operate crucial ministries for people from all walks of life. While the Diocese reorganizes, these needs continue and can only be met with the financial support of the faithful.

23. I made a large gift to the Diocese for a specific cause. Is that money protected? Yes.

Restricted gifts and funds are protected under the law and cannot be used to settle claims.

24. Will my gift to the House of Charity – Bishop’s Annual Appeal be used to pay legal

settlements? No. Gifts are made to the House of Charity to support specific ministries and programs.

25. Will the Chapter 11 Reorganization affect Catholic Charities? Catholic Charities is

a separate legal entity and therefore is not part of the Chapter 11 filing. We do not anticipate the ministries and efforts of Catholic Charities to be impacted.

26. How do I ensure that my gift and/or planned gift to the Diocese is not used to pay

settlements? Restricted gifts can only be used for the purpose for which they were given. You may want to speak to your attorney about how to make a restricted gift to the Diocese.

27. If we have additional questions regarding Chapter 11 or would like to make a claim,

whom should we contact? Go to camdendiocese.org/reorganization, this website will be updated throughout the process with pertinent information.