



# Diocese of Davenport

WALKING TOGETHER IN FAITH

*News*  
*For Immediate Release*

## Fax Cover Sheet

**DATE:** October 6, 2004  
**TO:** Media  
**FROM:** Deacon David Montgomery  
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**RE:** Communication with the People of the Diocese of Davenport

From (Most Rev.) William E. Franklin, Bishop of Davenport:

Last month, I instructed the attorneys and representatives of the Diocese that good faith efforts commence to settle all claims in a negotiation process. This process has already begun. I hope and pray that negotiations will be successful.

In the meantime, the process of communication and consultation within the Diocese regarding financial options and alternatives has also begun. I have met with the Diocesan Corporate Board, the Diocesan Finance Council, the Planning and Management Council, the Deans and Consultors, and Chancery Directors to discuss our financial situation. I have also met with the parish corporate boards and the parish leaders who represent their parishes. As we know more, meetings with others will be held. However, as this occurs, we are attempting to complete the mediation and settlement process with the claimants before November 1. We are in the midst of mediation and don't want to jeopardize those discussions. We believe, however, we must respond to questions being asked relating to bankruptcy by those who do not understand that negotiation is still continuing.

The first lawsuit goes to trial on November 1. It is not in the best interest of all claimants or the Diocese for the first case to go to trial November 1. Those litigating first would have first claim on the assets of the Diocese. Any victim coming forward in the future, or litigating later, could be prejudiced if the assets of the Diocese were exhausted by the first claims. In fairness, it is important that there be sufficient assets of the Diocese made available to all victims, including victims who have not yet come forward.

Filing for Chapter 11 Reorganization (Bankruptcy) may be the only way to fairly compensate all victims of abuse if the negotiation process fails. A Chapter 11 Bankruptcy could also allow the Diocese to continue its good works and programs in serving the 100,000+ Catholics of the Diocese. It is important to understand that Chapter 11 Bankruptcy does not shield assets from the just claims of creditors. Chapter 11 Bankruptcy does provide victims, known and unknown at the time of filing bankruptcy, equal and fair access to the assets of the Bankruptcy Estate within the timeframe established by the Bankruptcy Court. Assets of the Bankruptcy Estate would be used to pay the creditors of the Diocese in a fair and equitable manner. In the Diocese's case, the creditors are principally those with valid claims of sexual abuse. The Bankruptcy Court would administer each of these claims. It is believed that the majority of the claims would be settled as part of the bankruptcy process, but the victims would still have an option to litigate their claims if they chose to do so. No one victim would receive preferential treatment.

I ask for your prayers that the negotiations will be successful, fair, and just for all.

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