



of the Archbishop

Office

July 6, 2004

Dear brothers and sisters in Christ,

Today I am doing something I hoped I would never have to do. The Archdiocese of Portland in Oregon is filing for Chapter 11 reorganization in bankruptcy court. When I first mentioned this possibility, in February 2003, I promised that we would do our very best to avoid taking this step. We have worked hard to prevent it.

At this point, circumstances beyond my control have created great financial risk. If I am to be a prudent steward of our resources, I believe that the best choice is to seek protection in bankruptcy. This step should allow the Archdiocese and our parishes and schools to operate in normal fashion while difficult financial issues are resolved.

This is not an effort to avoid responsibility. It is, in fact, the only way I can assure that other claimants can be offered fair compensation. We have worked diligently to settle claims of clergy misconduct. In the last four years, we have settled more than 100 such claims. Last year alone the Archdiocese paid almost \$21 million from its own funds. Major insurers have abandoned us and are not paying what they should on the claims.

Two cases are set for trials beginning today. One plaintiff seeks more than \$130 million in compensatory and punitive damages, the other \$25 million. We have made every effort to settle these claims fairly but the demand of each of these plaintiffs remains in the millions. I am committed to just compensation. These demands go beyond compensation. With 60 other claims pending, I cannot in justice and prudence pay the demands of these two plaintiffs.

There is always risk in going to trial. Attorneys for the plaintiffs claim that the assets of all the parishes and schools and of various trust funds holding charitable contributions are available to pay their clients. Under canon law, parish assets belong to the parish. I have no authority to seize parish property. I have assured you that this is something I would not do. Neither can I, nor would I, use other assets held in charitable trust. Seeking the protection of bankruptcy is a just and prudent course of action. This action offers the best possibility for the Archdiocese: to resolve fairly all pending claims, to manage a difficult financial situation and to preserve the ability of the Archdiocese to fulfill its mission. It will also allow us to continue our good works without fear of an impending large verdict. The operation of our

parishes and schools will continue as usual. We encourage you to continue your contributions as in the past.

Before I made this decision, I sought the advice of the Archdiocesan Finance Council (mostly lay financial advisors), the College of Consultors (who represent the clergy of the Archdiocese), my attorneys and various others. I listened carefully to what they said and concluded that the step I am taking will best ensure the financial stability necessary for the continuation of the good work of the Church in Western Oregon.

Once more, I express my profound apologies to those who have been harmed by abuse and I renew my commitment to help you to heal. This decision will help me to do that.

Sincerely yours in Christ,

Most Reverend John G. Vlazny
Archbishop of Portland

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