



Diocese of Davenport

WALKING TOGETHER IN FAITH

News
For Immediate Release

Fax Cover Sheet

DATE: October 16, 2004
TO: Media
FROM: Deacon David Montgomery **PHONE:** 563-324-1911
Diocese of Davenport **FAX:** 563-324-5842
montgomery@davenportdiocese.org

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

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The Diocese of Davenport (Diocese) has received approximately 40 claims relating to sexual abuse of minors by clergy. The financial demands of the claimants far exceed the assets of the Diocese. Even if the current claims could be settled, based on what has occurred in other Dioceses around the country, the Diocese expects a significant number of additional claims in the future.

The Diocese and the Claimants continue to negotiate with the hope and expectation of settlement. However, time is short and the options for all parties are limited. The Diocese is contemplating major downsizing, which includes dismissal of many of my dedicated staff and the sale of the St. Vincent's Center.

Because of the extreme age of these claims, most going back to conduct 30-50 years ago, the Diocese of Davenport has undertaken a monumental effort to attempt to identify insurance coverage. This included a long and difficult search of its own records, requests of other entities and the hiring of an insurance archeologist. After this effort, the Diocese has assembled sufficient information to identify coverage for claims from 1969 and beyond. The Diocese is still searching for information for coverage before 1969 but insurance agencies and insurance companies have told us they also don't have this information from that long ago. One insurance company fairly recently has agreed to work with the Diocese to try to settle these claims but continues to assert that the Diocese has insufficient proof of coverage and it also asserts policy defenses against the Diocese.

Trials in the first round of cases begin November 1. These first cases could exhaust the assets of the Diocese and later claimants would then get nothing. The Diocese cannot allow that to happen.

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Negotiations are complicated with about 40 individuals involved, located throughout the country, about 20 of whom were first disclosed to us for the September mediation. We asked months ago for the claimants to tell us what amounts would be necessary to settle their cases, but we did not receive the monetary settlement demands from them until September. I have now 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.

Fair settlements, consistent with settlements in other Dioceses in these types of cases, are being offered to the claimants. However, in the event settlement negotiations fail and the Court fails to grant a continuance of the November 1 trial date, the Diocese is prepared to file for Bankruptcy on or about October 22, 2004.

Under the circumstances, I need to repeat a few comments on bankruptcy. Filing for bankruptcy may be the only way to fairly compensate all victims of abuse if the negotiation process fails. A Chapter 11 bankruptcy would also allow the Diocese to continue its ministry and programs serving the people in Southeast Iowa, in a limited fashion. It is important to understand that Chapter 11 bankruptcy does not shield the assets from the valid claims. Chapter 11 bankruptcy does provide victims, known and unknown, fair access to the assets of the Diocese.

These are difficult times for the Catholic Church and this Diocese. I ask for your prayers. Please pray for the victims and pray for the leadership of this Diocese that we shall have the wisdom and strength to guide the Diocese through these tragic issues. Please pray that these negotiations are successful so that the healing process for the victims and the Diocese can commence.