



*Diocese of Stockton*

*www.stocktondiocese.org/financial-news*

*September 3, 2013*

### **An update on our financial situation from Bishop Stephen Blaire**

Dear Brothers and Sisters in Christ,

In my letter to you in June, I shared with you some difficult news about the financial situation of the Diocese -- the funds we have used to settle sexual abuse lawsuits have been almost depleted, and we have no apparent way to meet the expenses of pending lawsuits and possible future claims.

I promised you we would examine the options available to us, and that I would keep you updated on any developments. This is the reason for my letter to you today.

We continue to investigate our options, and no final decisions have been reached. I feel, however, that it is important to tell you that options other than filing for bankruptcy protection have not emerged. It appears likely to me that the Diocese will need to re-organize financially under the protection of the Bankruptcy Court. I want to keep you and the wider community informed as best I can in this process. That is why I am meeting in the days and weeks ahead with your pastors and with others who may be affected by a bankruptcy filing by the Diocese.

The parishes, Catholic high schools, Catholic cemeteries, the Madonna of Peace retreat center, Church for Tomorrow, Catholic Charities, SEEDS, and certain other Catholic entities in the Diocese, organized as separate corporations, apart from the Diocesan Corporation, are not subjects of the possible bankruptcy filing. Nevertheless, these separate organizations need to have an understanding of the decision-making process and the possible claims that may be made by creditors of the Diocese so they can be prepared in whatever way necessary. Experience from other diocesan bankruptcies indicates their status as separate corporations, not subject to the possible bankruptcy filing, may be challenged by creditors.

The Diocese works closely with many partners to serve not just our 250,000 Catholics, but also the poor and vulnerable in every community of our vast region. It is important, therefore, that each of these partners -- beginning with you, our parishioners, be kept informed as we continue to face the challenges before us.

It remains my commitment to find a way to meet our obligations: to the victims of sexual abuse who have not yet had their day in court, to the poor and vulnerable of our communities, and to you our people. This commitment will guide our decisions as we move forward.

When a final decision is made about the Diocese's financial future, you will be informed of it.

Please pray for the guidance of the Holy Spirit.

Sincerely Yours in Christ,  
+ Stephen Blaire  
Bishop of the Diocese of Stockton