



Diocese of Stockton

February 5, 2014

**Update from Bishop Stephen Blaire
on Bankruptcy Filing by the Diocese of Stockton as of February 5, 2014**

This week, Judge Christopher Klein appointed a Nevada bankruptcy judge to act as a mediator in the Chapter 11 reorganization case of the Roman Catholic Bishop of Stockton, a corporation sole.

The judicial mediator is the Hon. Gregg W. Zive. Judge Zive is expected to convene mediation sessions between lawyers for the Diocese of Stockton and those representing key creditors. A status conference in the bankruptcy case is scheduled for Wednesday, Feb. 26 in Sacramento.

It is our hope that the issues in this case can be settled through mediation and that resolutions can be found that will be in the best interest of all involved. In bankruptcy cases, negotiated or mediated settlements result in faster outcomes and significantly lower costs than contested, litigated solutions.

Last week, attorneys for the Diocese filed with the court schedules of assets and liabilities.

Assets totaled \$7.2 million, and include real estate properties worth an estimated \$2 million. These properties are: the Pastoral Center; the Bishop's residence; the Convent for the Franciscan Missionary Sisters; the St. John Vianney House/Newman Center at UOP; and a donated, vacant property in Valley Springs. Other assets listed include interests in bank and investment accounts to fund operations, pension plans and self-insurance pools.

Liabilities facing the Diocese total nearly \$11.9 million. These include outstanding loans, wages and benefit payments due to employees, and retirement claims for priests. The \$11.9 million figure does not include the anticipated costs of claims from pending lawsuits alleging priest sexual abuse.

These schedules and other filings in the case can be accessed online from our bankruptcy attorneys at www.ffwplaw.com. After clicking "cases" in the left margin, you may login with the user email as cases@ffwplaw.com and the password of password. After login, click the link for The Roman Catholic Bishop of Stockton and select the document you would like to view.

Statements from Bishop Blaire and a chronology of events related to bankruptcy can be found on our website: <http://www.stocktondiocese.org/financial-news>.