

ABUSE VICTIMS COMMITTEE SETTLES WITH CATHOLIC RELIGIOUS ORDER THAT OPERATES SCHOOLS

• *CASES AGAINST CHRISTIAN BROTHERS OF IRELAND COME FROM 17 STATES & CANADA*

Los Angeles, CA – May 23, 2013 – The Committee representing some 400 men and women who say they were molested as children by Christian Brothers of Ireland has reached a settlement with the Catholic religious order.

The Official Committee of Unsecured Creditors for The Christian Brothers Institute and The Christian Brothers of Ireland, Inc. has approved the terms and conditions of a consensual reorganization plan in the Chapter 11 cases of The Christian Brothers Institute and The Christian Brothers of Ireland, Inc. (In the United States, the Christian Brothers are the civil arms of the North American Province of the Congregation of Christian Brothers of Ireland.)

In response to sexual abuse claims, the Christian Brothers filed Chapter 11 cases on April 28, 2011 in the United States Bankruptcy Court for the Southern District of New York, the Hon. Robert Drain presiding. During the course of the Chapter 11 cases, more than 400 survivors of sexual and physical abuse filed claims with the Bankruptcy Court. The claims generally arise from the Christian Brothers' operation/staffing of schools and child care facilities from 17 states and Canada.

The reorganization plan, which the parties anticipate will be filed within the next three weeks, provides for steps by the Christian Brothers which the Committee believes will safeguard children from future abuse.

“From the beginning, this committee has focused on protecting kids,” said James Stang of Pachulski, Stang, Ziehl & Jones LLP, counsel to the Committee. “So they’ve made sure that this agreement includes a broad range of solid prevention measures and I commend them for their compassion and hard work.”

The plan provides for a financial settlement for abuse survivors consisting of: (a) \$16.5 million cash payment from the Christian Brothers and one of its insurance carriers and (b) assignments of (i) fraud litigation to recover ownership of New York-based All Hallows High School, (ii) claims against certain insurance carriers and (iii) three pieces of real property. In addition, the plan enables abuse survivors to continue lawsuits against other parties, including schools and dioceses, who share responsibility for decades of abuse at institutions staffed by members of the religious order.

The settlement is the result of an intensive multi-day mediation before the Hon. Elizabeth Stong, Bankruptcy Judge of the U.S. Bankruptcy Court for the Eastern District of New York. Sexual abuse survivors participated in the mediation through the following counsel: Michael Pfau of Pfau, Cochran, Vertitis & Amala (Seattle, Washington)(84 abuse survivors; 27 of the 84 abuse survivors also are represented by Mark McKenna of Hurley McKenna & Mertz of Chicago, Illinois); Geoff Budden and Andrew Martin of Budden, Morris Law Offices (Mount Pearl, Newfoundland, Canada)(90 abuse survivors); Michael Reck of Jeff Anderson & Associates (Minneapolis, Minnesota)(92 abuse

survivors) and Rebecca Roe of Schroeter Goldmark & Bender (Seattle, Washington) and Mark Leemon of Leemon + Royer (Seattle, Washington)(5 abuse survivors).

Since 2002, nine other bankruptcies have been filed by Catholic dioceses and religious orders across the US. The Christian Brothers Chapter 11 cases are unique because of the significant number of other parties who also are liable for the abuse and the geographic range of the cases.

The Committee is represented by James Stang and Ilan Scharf of Pachulski Stang Ziehl & Jones LLP, based in Los Angeles, California and Paul Richler of the Law Offices of Paul Richler (special insurance counsel), based in Los Angeles, California. Pachulski Stang Ziehl & Jones LLP, the nation's leading corporate insolvency boutique, has served as creditors committee counsel in nine Chapter 11 cases filed by diocese or religious orders of the Catholic Church.

The Christian Brothers are represented by Anthony Dougherty and Scott Markowitz of Tarter Krinsky & Drogin LLP, based in New York, New York.

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