

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK

In re:

The Diocese of Rochester,

Debtor.

Case No. 19-20905

Chapter 11

**DECLARATION OF BISHOP SALVATORE R. MATANO AS DIRECT TESTIMONY
WITH REGARD TO THE CONFIRMATION OF THE EIGHTH AMENDED JOINT
CHAPTER 11 PLAN OF REORGANIZATION FOR THE DIOCESE OF ROCHESTER**

I, Bishop Salvatore R. Matano, declare pursuant to 28 U.S.C. § 1746 as follows:

1. I am the Bishop of Rochester. I was installed as the Bishop of Rochester on January 3, 2014. In this role, I am responsible for matters of pastoral care and temporal administration in and for The Diocese of Rochester (the “**Diocese**”).

2. I make this Declaration based upon my personal knowledge of the facts set forth herein, upon information supplied to me by others associated with the Diocese, upon my review of relevant documents and upon my experience and knowledge of Diocesan operations.

3. I submit this Declaration in support of the confirmation of the *Eighth Amended Joint Chapter 11 Plan of Reorganization for The Diocese of Rochester* (the “**Eighth Amended Plan**”). Capitalized terms that are not defined in this Declaration are used as defined in the Eighth Amended Plan.

BACKGROUND

A. My Education, Ordination and Appointments

4. I graduated from Our Lady of Providence Seminary College in 1968 with a Bachelor of Philosophy Degree. I continued my education at the Pontifical Gregorian University in Rome, where I was awarded a Licentiate Degree in Sacred Theology in 1972. I later received a Doctorate in Canon Law in 1983 from that same university.

5. I was ordained to the priesthood on December 17, 1971 by then Bishop James Hickey in Saint Peter's Basilica in Rome.

6. From 1972 until 2000, with the exception of my studies at the Pontifical Gregorian University between 1980 and 1983 and service at the Apostolic Nunciature between 1991 and 1992, I served in various roles within the Diocese of Providence, including Pastor, Director of the Office of Priests' Personnel, Vicar for Administration and Co-Chancellor and Vicar General and Moderator of the Curia.

7. In January 2000, I returned to the Apostolic Nunciature in Washington, D.C., where I served on the staff of the Apostolic Nuncio until my Ordination as Coadjutor Bishop of Burlington on April 19, 2005, and then installed as the ninth Bishop of Burlington on November 9, 2005.

8. I was appointed as the Bishop Designate of Rochester on Nov. 6, 2013 by His Holiness Pope Francis. I was installed as the Ninth Bishop of Rochester on January 3, 2014.

9. As Bishop of Rochester, I oversee the spiritual, temporal and pastoral aspects of the Diocese in order that the message of our Lord – the mandate given to go forth and teach all nations and baptize in the name of the Father, Son and Holy Spirit (cf. Matthew 28:18-20; also *Code of Canon Law*, cc. 204 ff.) – is communicated throughout the Diocese. My principal duties are to teach, to sanctify and to govern (cf. *Catechism of the Catholic Church*, nos. 1557-1558), however, as the Bishop of the Diocese, I am concerned also with the temporal affairs so that we have the means that are necessary to minister, to educate and to continue the charitable works of the Diocese.

B. Organization of the Roman Catholic Church

10. The Roman Catholic Church is a worldwide community of faith grounded in Holy Scripture with over 1.2 billion baptized members who hold a common creed. The supreme authority of the Church is vested in the Pope, who, by virtue of his office, possesses supreme, full, immediate, and universal ordinary power in the Church. The organizational structure is intended to serve the mission to teach, to sanctify, and to serve which is realized in a variety of ministries and apostolates.

11. The Catholic Church operates through dioceses, under the leadership of bishops responsible to the Holy See, each working within a specific territory (cf. *Code of Canon Law*, c. 369). A diocese provides spiritual, sacramental, pastoral and administrative services to support local churches (known as parishes), parish schools and other charitable, educational and religious-service affiliates that are central to the mission of the Church within that diocese.

C. The Diocese, Parishes and Affiliates

12. The Diocese was founded on March 3, 1868, and subsequently incorporated in New York State on March 11, 1887. The certificate of incorporation was amended in 1909 and 1967. The 1967 amendment provides that the trustees of the Diocese are the Bishop, Vicar General and Chancellor.

13. The Diocese serves a twelve-county region in Western New York and its territory is coextensive with the counties of Monroe, Wayne, Yates, Ontario, Cayuga, Seneca, Tompkins, Tioga, Chemung, Schuyler, Livingston, and Steuben. The Diocese's total Catholic population is approximately 300,000.

14. There are three primary diocesan consultative bodies required by Canon Law: Presbyteral Council; College of Consultors; and Finance Council.

15. The Presbyteral Council is a group of priests both elected and appointed to assist the Diocesan Bishop in an advisory capacity in the governance of the Diocese. (Cf. *Code of Canon Law*, cc. 495-501).

16. The College of Consultors assists the Diocesan Bishop in the governance of the Diocese. For certain exercises of ecclesiastical governance, Canon Law requires that the Diocesan Bishop consult the College of Consultors and obtain its consent. (Cf. *Code of Canon Law*, cc. 502, 1277, 1292, 1293).

17. The Diocesan Finance Council advises the Diocesan Bishop on financial matters affecting the Diocese. Canon Law requires that the Diocesan Bishop consult with the Diocesan Finance Council in many instances affecting the finances of the Diocese and in acts of extraordinary administration receives its consent. (Cf. *Code of Canon Law*, c. 1277).

18. The Diocese maintains a number of administrative offices and ministries to advance its mission of teaching, sanctifying and serving. These include the Bishop's Office, Chancery, Marriage Tribunal, Finance, Information Technology, Human Resources, Stewardship and Communications, Evangelization and Catechesis, Catholic Schools, Pastoral Services, Safe Environment, Victims Assistance, Clergy Services and Archives.

19. Within the geographic territory of the Diocese, there are 86 parishes (each a "**Parish**" and collectively, "**Parishes**"), 14 parish elementary schools and parish religious education programs collectively serving approximately 8,500 students, and five Diocesan affiliates as described below. Through their ministry and outreach, the Diocese advances its mission and serves the faithful and those in need across its twelve-county region.

20. Parishes play a central and fundamental role in the lives of Catholics. (Cf. *Code of Canon Law*, cc. 515-518). They are communities of faith where, through the clergy and

participation of the faithful, essential elements of the Catholic faith are celebrated, including the sacramental life of the Parish: Baptism, Confirmation, Reconciliation, Marriage, Anointing of the Sick, and the celebration of the most august Sacrament, the Most Holy Eucharist. Likewise, the Parish consoles and supports the faithful in sickness and in death, supports charitable apostolates to those in need and provides both child and adult religious education.

21. The Parishes are separate non-member not-for-profit corporations formed under New York's Religious Corporations Law. The trustees of each Parish corporation are the Diocese's Bishop, the Diocese's Vicar General, the Parish pastor and two laypersons from the Parish. As noted, Parishes operate 14 elementary schools. Certain Parishes own, maintain and operate cemeteries. The Diocese provides administrative support to the Parishes pursuant to administrative service agreements.

22. There are several charitable, educational and other religious-service affiliates that assist the Diocese and the Parishes in their ministry (each an "**Affiliate**"), which include: (i) Catholic Charities of the Diocese of Rochester, Inc.; (ii) Providence Housing Development Corporation; (iii) Rochester Catholic Press Association, Inc; (iv) Camp Stella Maris of Livonia, N.Y.; and (v) St. Bernard's School of Theology and Ministry. Each of these Affiliates is a not-for-profit corporation that has its own board, governance and finances. The Diocese provides administrative support to the Affiliates pursuant to administrative service agreements.

23. Through the Catholic Charities agencies, approximately 1.8 million persons were served throughout the twelve counties of the Diocese during the last fiscal year.

24. Each of these Affiliates is described in greater detail in the *Affidavit of Rev. Daniel J. Condon Regarding Structure and Pre-Filing History of the Debtor and in Support of the Chapter 11 Petition and First Day Pleadings*, which was filed at Dkt. No. 7.

THIS BANKRUPTCY CASE

25. On January 28, 2019, the New York State Legislature passed the Child Victims Act (the “**CVA**”). New York’s Governor signed the legislation on February 14, 2019. The CVA modified the statute of limitations and created a window during which survivors of child sex abuse whose claims may have been otherwise time-barred may commence a civil action.

26. The CVA originally provided that revived actions may be commenced during the twelve-month period from August 14, 2019 to August 14, 2020. The CVA was subsequently amended to extend the window for bringing revived actions through August 14, 2021.

27. The Diocese filed the petition to commence this bankruptcy case on September 12, 2019. As of the petition date, there were 46 CVA cases brought by 61 plaintiffs filed against the Diocese. After the petition date, hundreds of additional CVA cases were filed against the Diocese, Parishes and Affiliates. In addition, more than 500 proofs of claim were filed against the Diocese’s bankruptcy estate.

28. The Diocese filed its petition with the objective of resolving Abuse Claims in a fair and equitable manner and positioning the Diocese, the Parishes and Affiliates to continue their religious and charitable missions. The Diocese acknowledges its moral obligation to compensate all survivors of Abuse by Church personnel fairly and equitably. Given its limited resources, including limited insurance coverage, I understood that a race to the courthouse would not allow for fair and equitable compensation of all survivors of Abuse.

29. The decision to file a Chapter 11 reorganization was made by me in consultation with Chief Financial Officer Lisa M. Passero and in consultation with and the consent of the College of Consultors, Diocesan Presbyteral Council and the Diocesan Finance Council.

THE PROPOSED PLAN

30. Over an approximately five-year period, the Diocese has engaged in excess of 40 mediation sessions, seeking to arrive at a consensual resolution with the Official Committee of Unsecured Creditors (the “Committee”) and the Diocese’s third-party insurers (Continental, LMI, Interstate and Underwriters [the “Insurers”]). I participated in all of the mediation sessions that involved a client representative of the Diocese. I was involved in and responsible for the decision making for the Diocese in this bankruptcy case.

31. On March 10, 2020, the Court entered its *Order Directing Mediation and Appointing Mediator*, which (i) referred the claims asserted in the Insurance Adversary Proceeding to mediation; (ii) appointed United States Bankruptcy Judge Gregg W. Zive as mediator; and (iii) directed the Diocese, Insurers, Committee, ad hoc committee of Parishes and other Protected Parties to participate in the mediation process.

32. Mediation among the Diocese, the Committee and the Insurers began in late 2020 and continued through July 22, 2025. The negotiations with the parties during this time period were extensive, at times difficult, in good faith and at arm’s length.

33. Guided by the Court’s *Decision and Order Denying Motion of Diocese Seeking to Enjoin the Prosecution of State Court Actions Against Independent Catholic Corporations and Dismissing Complaint*, and after resuming mediation with Judge Zive and newly appointed co-mediator Paul Van Osselaer in late 2022, the Diocese and Committee reached an agreement to pursue a plan of reorganization in which Abuse Claims would be channeled to and satisfied from a trust funded by an aggregate payment of \$55,000,000 from the Diocese, Parishes and Affiliates and an assignment of certain insurance claims. This amount was arrived at through Court-ordered mediation and was agreed to by the Diocese after a mediators’ recommendation. The negotiations

that led to this settlement were conducted in good faith, at arms' length and intense over nearly two years.

34. As part of the settlement with the Committee, the Diocese also agreed to continue with its ongoing efforts to prevent child sexual abuse from occurring in the future by continuing, undertaking and observing certain non-monetary commitments agreed upon with the Committee and maintaining a safe and wholesome environment for all whom we serve.

35. On November 2, 2022, I convened meetings of the Presbyteral Council, College of Consultors and Finance Council to seek the consent of those consultative bodies for the settlement with the Committee. Each of those consultative bodies unanimously voiced their consent and support to the settlement.

36. Mediation continued with the Insurers, and in January 2023, the Diocese and Committee reached an agreement with LMI to resolve all insurance claims against LMI for LMI's contribution of a \$19,500,000 settlement payment. This amount was arrived at through Court-ordered mediation. The negotiations that led to this settlement were conducted in good faith and at arm's length.

37. On March 24, 2023, the Diocese and the Committee filed the Joint Chapter 11 Plan of Reorganization for the Diocese of Rochester dated March 24, 2023 (the "Plan") [Dkt. No. 2046] together with an accompanying disclosure statement [Dkt. No. 2045].

38. On behalf of the Diocese, based on the consent of the applicable consultative bodies and my authority as the Bishop of Rochester, I approved the filing of the Plan and all subsequent amendments and modifications to the Plan.

39. I consulted with the Diocese's Chief Financial Officer and Chancellor concerning the development of the Plan to ensure that it embodied the agreements reached with the Committee

and later with the Insurers. The Diocese relied on its counsel to draft the legal documents necessary to effectuate the agreed-upon resolutions in this case.

40. As a result of continued mediation efforts, the Diocese and Committee reached agreements with Underwriters, Interstate and First State to resolve all insurance claims against those insurers in exchange for settlement payments of \$1,100,000, \$50,000,000 and \$750,000, respectively. These amounts were arrived at through Court-ordered mediation. The negotiations that led to these settlements were conducted in good faith and at arm's length.

41. With those agreements, the Diocese and Committee amended the Plan to provide for an initial funding of the Trust of \$126.35 million. [Dkt. No. 3026].

42. The *Fifth Amended Joint Chapter 11 Plan of Reorganization for the Diocese of Rochester* (the “**Fifth Amended Plan**”) was filed on April 24, 2024 [Dkt. No. 2593], and thereafter solicited for acceptance. After the Supreme Court issued its decision in *Harrington v. Purdue Pharma L.P.*, the Diocese, Committee and Participating Parties worked to revise the Fifth Amended Plan to address that decision by, among other things, providing Abuse Claimants with the ability to withhold their consent to, and thereby opt-out of, the plan's third-party releases and injunctions, such that only Abuse Claimants who consent, or are deemed to consent, will be bound by those provisions.

43. On October 7, 2024, the Court appointed the Hon. Shelley C. Chapman (Ret.) and Paul A. Finn, Esq. to serve as co-mediators in renewed mediation. [Dkt. No. 2788].

44. The Eighth Amended Plan was filed on March 14, 2025 [Dkt. No. 3026], and solicited for acceptance in accordance with the Court's *Order Approving Disclosure Statement* [Dkt. No. 3031].

45. I understand that the Eighth Amended Plan provides that Abuse Claims asserted against the Diocese and Participating Parties will be channeled to the Trust on the Effective Date, and the Trust will administer and resolve the Abuse Claims in accordance with the Eighth Amended Plan and Trust Documents.

46. The Diocese and the Participating Parties are contributing their valuable insurance rights and cash to the Eighth Amended Plan. The cash contribution from the Diocese is \$25,000,000 and the cash contribution from the Participating Parties is \$30,000,000. A release of the Participating Parties is necessary for the Eighth Amended Plan and, in my judgment, is in the best interest of the estate and Abuse claimants. Without the releases, the Participating Parties would not contribute their insurance rights.

47. The Eighth Amended Plan incorporates settlements with certain Insurers that are essential to the success of the Diocese's bankruptcy case. The Court approved the sale and buy back of the insurance policies of LMI, Interstate, Underwriters and First State pursuant to Orders entered on July 21, 2025 [Dkt. Nos. 3264, 3265, 3266 and 3267].

48. On or about July 22, 2025, the Diocese, Committee and Continental reached an agreement in principle to resolve all Insurance Claims against Continental in exchange for Continental's payment of \$120 million. This amount was arrived at through Court-ordered mediation. The negotiations that led to this settlement were conducted in good faith, intense and at arm's length. I understand that the Continental settlement is contingent upon an agreed-upon written settlement agreement and the Court's approval of the sale and buy back of the Continental insurance policies.

49. Including the settlement with Continental if and when approved by the Court, on the Effective Date, the Trust will be funded by payments from the Diocese, Participating Parties and Settling Insurers totaling \$246.35 million.

50. The *Declaration of Alexa Westmoreland Regarding the Solicitation and Tabulation of Votes of the Eighth Amended Joint Chapter 11 Plan for The Diocese of Rochester* [Dkt. No. 3285] confirms that all 466 Class 4 Claimants (Abuse Claims) submitting ballots voted to accept the Eighth Amended Plan.

51. The Diocese proposed the Eighth Amended Plan in good faith and for the legitimate purpose of resolving the Abuse Claims in a fair and equitable manner and allowing the Diocese and Participating Parties to continue their ministry and charitable works within the territory of the Diocese. The Eighth Amended Plan, additionally, ensures the continuation of the safe environment protocols within the Diocese and adds additional protections. The Eighth Amended Plan is, in my judgment, in the best interest of the Diocese and the Participating Parties.

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE
AND CORRECT

Executed: July 26, 2025


Bishop Salvatore R. Matano