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# Archdiocese of Milwaukee seeks court relief to avoid financial woes

Brian T. Olszewski Catholic News Service | Jan. 31, 2013
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Almost 25 months into the Chapter 11 bankruptcy reorganization, the Archdiocese of Milwaukee continues to seek an answer to the question it has asked throughout the process: Who is eligible to make a claim?

"How else are you going to satisfy them if you don't know who has a claim?" Jerry Topczewski, chief of staff for Archbishop Jerome Listecki, said Jan. 25 to the *Catholic Herald*, a publication serving the Catholic community in southeastern Wisconsin.

The questions are again being asked as the archdiocese filed a motion Jan. 24 asking U.S. Bankruptcy Court Judge Susan Kelley to allow it to suspend payments to attorneys and consultants for the creditors' committee. The archdiocese would continue to pay its own attorneys with money from its insurance carriers.

The motion was filed because the archdiocese is running out of money. The cost of the Chapter 11 proceedings, in which the archdiocese must pay for its own attorneys and the creditors' committee attorneys and the services of personnel enlisted by them, has totaled more than $9 million.

"The monies for the Chapter 11 come from accumulated savings and cash reserves; we had money that was budgeted for litigation that we were in before the Chapter 11 petition was filed," Topczewski said. "We had some investment earnings. Those are the monies we've been using to date to pay the bills. Those are gone."

An exhibit filed with the court shows operating cash projections, including professional fee payments from January through June. At the end of January, the cash balance was projected at $626,948. By the end of April, it is expected to be $488,352.

"So now the question is, 'How can you pay those bills?' and that's what John Marek, our chief financial officer, has projected out, that if we don't get some relief, the answer is we're not going to be able to pay those bills," Topczewski said.

If relief is not granted, archdiocesan services would be interrupted. However, if payments to professionals are suspended, the archdiocese, according to another exhibit filed with the court, would have the funds needed to operate. How the attorneys would be paid would be determined in the reorganization plan, according to Topczewski.

"The purpose of reorganization is not to put us out of business it's to reorganize in a financially viable way to continue operations," he said. "Reorganization is just that; you find a way to be financially solvent so you can do it."

That donations to the archdiocese are often "restricted," i.e., given for a specific purpose, is often overlooked when people talk about the church's assets, according to Topczewski.

"People think the archdiocese, the church, is rich; well, the church is rich in spirit; the resources of the archdiocese, albeit well managed, are not voluminous," he said. "We have shown people where the monies we have are, and a lot of the monies we do have are restricted monies that people have given us for specific purposes."

He said that if someone leaves the archdiocese money in his or her will, and designates that it must be used for Catholic education, then that is how it must be used.

"We can't take that money and pay for lawyers. It's against the law," Topczewski said.

The creditors' committee was given until Feb. 7 to respond to the archdiocese's motion. The archdiocese's attorneys have the option of answering that response before Kelley rules on the motion.

[Brian T. Olszewski is executive editor and general manager of the *Catholic Herald*, a publication that serves the Catholic community in southeastern Wisconsin.]

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