Settlement proposed in class action lawsuit against Archdiocese of Portland

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PORTLAND, Ore.--Catholic parishioners in western Oregon will receive notice this week of a proposed settlement in the class action lawsuit in the bankruptcy proceedings of the Archdiocese of Portland in Oregon. The Archdiocese of Portland filed for Chapter 11 Bankruptcy on July 6, 2004. On July 22, 2005, the Bankruptcy Court entered an order in a lawsuit certifying parishes and parishioners as a class of defendants.

At issue in the lawsuit is whether Catholic parishes, schools and certain funds are available to the Archdiocese to pay settlements of tort claims and to other creditors:

The main issues in the Lawsuit are whether Parishes, Schools and certain funds are unrestricted assets belonging to the Debtor and available to creditors of the Debtor. The Debtor, the Parishes and Schools contend, among other things, that such assets are restricted and are not available to pay creditors of the Debtor. The Tort Claimants Committee contends that such property is the unrestricted property of the Debtor and is available to pay creditors of the Debtor.

Attorneys Douglas R. Pahl and Steven M. Hedberg of the Portland law firm Perkins Coie, LLP were appointed by the Bankruptcy Court to represent the parishes, schools, missions, parishioners and other donors.

Under the proposed settlement, in consideration for the Archdioceseâ€™s â€œpayment in full of the allowed amount of all claims under the Second Amended and Restated Joint Plan of Reorganization (the â€œPlanâ€•) the Lawsuit will be dismissed with prejudice on the Effective Date of the Plan.â€•

The attorneys representing the parishes, schools and parishioners â€œstrongly recommend that the Class members support the Proposed Settlement.â€• Parishioners will not need to respond to the Notice they receive in the mail, unless they object to the settlement or wish to submit other comments concerning the Courtâ€™s decision. Any objections or comments must be submitted to the Court no later than April 5, 2007.

Additional information is available in the full Standard Notice of the proposed settlement, which is available on the Archdioceseâ€™s web site, www.archdpdx.org/bankruptcy, and on the web site of the parishioners committee www.parishionerscommittee.org. A Notice will also be posted in the churches of the Archdiocese of Portland until May 1, 2007.

A hearing on the Proposed Class Action Settlement will be held on April 10, 2007, beginning at 9:00 a.m., at the U. S. Bankruptcy Court, 1001 S.W. Fifth Avenue, Seventh Floor, Portland, OR 97204.