

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re: Chapter 11
CROSIER FATHERS AND BROTHERS PROVINCE, INC., a Minnesota non-profit corporation, Case No. 17-41681

Debtor.

Jointly Administered with: Pending Joint Administration with:

CROSIER FATHERS OF ONAMIA, a Minnesota non-profit corporation, Case No. 17-41682

THE CROSIER COMMUNITY OF PHOENIX, an Arizona non-profit corporation, Case No. 17-41683

This pleading applies to:

- All Debtors.
 Specified Debtor(s).
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**DECLARATION OF THOMAS A. ENNEKING, OSC
IN SUPPORT OF CHAPTER 11 PETITIONS**

I, Thomas A. Enneking, osc, hereby declare under penalty of perjury of the laws of the United State as follows:

A. INTRODUCTION.

I am the President of the Crosier Fathers and Brothers Province, Inc., a Minnesota non-profit corporation that is the civil counterpart of the religious entity known as the Canons Regular of the Order of the Holy Cross Province of St. Odilia which I refer to as the PSO to distinguish it from its civil counterpart which I call the Province in the following parts of this Declaration. I am the Prior Provincial of the PSO. The PSO is part of the Roman Catholic

religious Order known as the Canons Regular of the Order of the Holy Cross and the individual members of the Order are referred to as Crosiers. The designation “osc” after the names of the members of the Order is an abbreviation of the Latin name of the Order, Ordo Sancte Crucis.

I make this Declaration based upon (a) my personal knowledge; (b) the books and records of the Province, the Onamia community, and the Phoenix community, all three of which are debtors in these three related Chapter 11 cases; (c) well-known and publicly available historical information; or (d) information obtained from persons who are employed by or members of the debtors to whom I, as prior provincial, have delegated certain responsibilities or to whom certain responsibilities are delegated pursuant to the proper law of the religious Order.

The Onamia community is located in Onamia, MN, and the Phoenix community is located in Phoenix, AZ, both of which are separately civilly incorporated entities. The two communities are also separate entities under the proper law of the Order. I was elected prior provincial on June 13, 2011, and I assumed my duties that day. As the prior provincial, I am the major superior of the PSO which includes oversight of its administration and ministries. As a result, I am also familiar with the secular business of the Province and the Onamia and Phoenix communities.

I graduated from Indiana University-Purdue University with degrees in music and psychology in 1980 before earning a master’s degree in theology and a master of divinity degree from Catholic Theological Union in Chicago, IL in 1984. I became a Crosier on August 4, 1978, and was ordained a priest on June 9, 1984.

I previously served the PSO in various capacities, including pastoral ministry at parishes in Minnesota and Illinois, director of vocations and pre-novitiate formation, director of post-novitiate formation, and director of formation for the Crosier Province of Senhor Bom Jesus in

Brazil. I moved to Phoenix, AZ, in 2006, where, in addition to my duties as the prior provincial starting in 2011, I have assisted at local, predominantly Hispanic parishes, and served, among other things, as chaplain in the Maricopa County jails.

I am submitting this Declaration in support of the Chapter 11 petitions filed by each of the debtors.

B. THE HISTORY AND WORK OF THE ORDER.

Founded in 1210, the Crosier Order derives its name from the French word *croisés*—signed with the cross. It is one of the oldest Orders of religious men in the Roman Catholic Church.

The first Crosier community was founded in Belgium. At one time there were as many as 90 Crosier communities, before the numbers plummeted until, by 1840, as a result of various government actions forbidding or discouraging religious communities, only four elderly Crosiers remained. The modern era of Crosier history began in 1840 when the law forbidding the reception of new members was repealed. Many men joined the revitalized Order, and houses were reestablished in Belgium, the Netherlands and beyond.

In 1850, Crosier priests and brothers came to Wisconsin in the United States to work among the Dutch and Belgian immigrants who had settled in the Green Bay area. This initial attempt to establish the Order in the United States came to an end when the Crosiers who had been assigned to the United States decided they preferred to return to Europe rather than coming together to live Crosier religious life. The Crosiers returned to the United States in 1910 to accompany Dutch Catholic immigrants who settled in northern Minnesota. In 1922, the first permanent American priory and school (still in use today as the modern priory but no longer a school) were established in Onamia, Minnesota. The Crosiers in Europe also began missions in

the country now known as the Democratic Republic of the Congo in 1920; Indonesia in 1926; and Brazil in 1934. Since 1958, Crosiers have also worked in the Diocese of Agats in what is now known as Papua, Indonesia, and members of the PSO from the United States have also been sent to these areas over the years. The last Crosier who was a member of the PSO from the United States in Papua returned to the United States several years ago.

Today there are a total of about 350 Crosiers worldwide who live and minister in the United States, the Netherlands, Belgium, Germany, Indonesia, the Democratic Republic of the Congo, Brazil, and in Rome, where the Order's master general resides. The Order is divided into three Provinces, one proprovince, and one general delegation. The PSO is headquartered in Phoenix and has approximately forty-five members. The other two Provinces are located at St. Agatha Monastery in the Netherlands and in Bandung, Indonesia. These other two Provinces are not debtors in these cases nor are they related or affiliated with the debtors except that their members are also Crosiers. The Crosiers in the Democratic Republic of the Congo are organized as a proprovince, an interim stage toward becoming an independent Province. They are affiliated with the Province of Blessed Theodore de Celles headquartered in the Netherlands. The Crosiers in Brazil have the status of a general delegation under the direct authority of the master general.

Crosier lives are spent in service. Crosiers are involved in a wide range of ministries serving the Church and those in need, including parish assistance, retreat work, spiritual direction, elder care, veterans ministry, immigrant outreach, and jail ministry. Crosiers also assist their brothers in charity and unity, by prayer and daily activities.

The ministries of the Crosiers are important to the people in the geographic areas in which they serve as many depend on their services. The Crosiers support numerous urban and

other programs that minister not only to the Catholic faithful, but also benefit all people in the communities where they serve through the Crosiers' charitable works and outreach.

Each Crosier takes a vow of poverty in exchange for which the relevant Province agrees to provide for the needs of their members of the particular Province throughout their lives. As part of the formation process, each Crosier relinquishes all his worldly goods and provides a power of attorney to the Province of which he is a specific member. In turn, the Province of which he is a member vows to provide for his needs and survival. Each Province is a fiduciary in the financial aspects of each Crosier's life. This means the debtors hold certain assets in trust for the individual Crosiers who are part of the PSO.

Any salary that a member receives from any employment is paid to the community or the Province. Rather than accumulating worldly goods, Crosiers share in conventual communal living which is provided and paid for by the Province or community of which he is a member. Crosiers are committed to live and work in community and to serve the people as a sign of hope and glory. The Crosiers follow the Rule of St. Augustine, promoting the common good while respecting each individual.

C. OPERATIONS AND STRUCTURE OF THE CROSIERS.

The territory of the PSO covers the United States and is subject to the jurisdiction and administration of the prior provincial, which is the position in which I currently serve. As the prior provincial, I carry out my canonical duties in accordance with the Code of Canon Law, which is the ecclesiastical law of the Roman Catholic Church, as well as the Constitutions and General Statutes of the Order, and the Provincial Statutes specific to the PSO.

The officers of the Province are: (i) President: Thomas Enneking, osc; (ii) Secretary: Jeffrey Breer, osc; (iii) Treasurer: Kermit M. Holl, osc; Directors: David Donnay, osc and

Stephan E. Bauer, osc. The Province is the civil entity that, among other things, provides administrative services to the Onamia and Phoenix communities in accordance with our proper law.

The Onamia community, located in central Minnesota, has been an important part of Crosier presence in the United States since the Order began its mission in the United States more than 100 years ago. Onamia's officers are: President: Kermit Holl, osc; Vice President: David Donnay, osc; Secretary: Thomas Carkhuff, osc; and Director: Albert L. Becker, osc. Some Onamia Crosiers serve as parish priests as well as serving in a variety of ministries, working as retreat leaders, providing spiritual care to the elderly and hospitalized, and functioning as jail ministers, among other charitable works. Onamia also provides the home for senior retired Crosiers, the development office for the PSO and Onamia community, and the Crosiers in initial formation.

The Onamia community is also a non-profit member of a Minnesota non-profit corporation—Onamia Area Assisted Living—that owns and operates an elder care center—Lake Song. As a member, it is my understanding that Onamia is entitled to any distributions of profit from the operation of Lake Song; however, Lake Song has historically operated at a loss. Onamia contributed \$45,000 in each of 2015 and 2016 to help Lake Song continue operating. Some of the elder members of Onamia are also residents of Lake Song.

The Phoenix community is located in central Arizona. Previously, the Crosier priests in Phoenix served as associate pastors and provided part-time assistance in the Diocese of Phoenix, but have limited their involvement to providing weekend assistance based on their availability. In addition, the members of the Phoenix community place their limited resources and focus on their other ministries, including spiritual ministry to veterans, immigration assistance, jail ministry,

spiritual direction, visiting and serving memory care patients, and working in other ministries that serve the Church. I am the local superior for Phoenix and also serve in the civil capacity as Phoenix's President. Its Directors also serve in the following roles: Secretary: Robert Rossi, osc; Treasurer: Stephan E. Bauer, osc; and Vice President: James Verley, osc.

D. THE OPERATIONS OF THE CROSIERS.

The debtors generate income to provide for the needs of the communities and their members and to carry out their mission and ministry in several ways, including salaries and stipends for services provided by members and also various fund raising programs. Funds are raised in several ways, including through the Crosier Apostolate (a group of donors who commit to give to the debtors for a year, and renew their commitments annually), direct mail campaigns, charitable gift annuities, and suggested offerings for religious and other articles through the website.

Many of these development functions are conducted by an administrative department—the Service Bureau. These functions include maintenance of donor lists and contact information, donor mailings and related development matters. Additionally, the Service Bureau fulfills orders placed through the website or through mail order forms and maintains the inventory of items offered on the website.

Charitable gift annuities are another important form of funding for the debtors. The donor gives a charitable gift to the applicable debtor in exchange for the commitment of the debtor recipient to make annuity payments to the donor over time (usually for the life of the donor). The debtors maintain fully funded reserves/accounts from which the regular annuity payments to the donors are made.

The Province pays Social Security and Medicare taxes for each Crosier living and working in the Phoenix and Onamia communities which is reimbursed to the Province by Phoenix or Onamia, as the case may be. In turn, the relevant debtor receives the Social Security and Medicare payments for each of the members who has the age of 65, consistent with the vow of poverty taken by each member and the debtors' obligations for care and support of its members.

Onamia also earns income through rental of the Holy Cross Center for weddings, community meetings, funerals, and the like. The Holy Cross Center is a church building and hall that Onamia constructed along with the Holy Cross Parish, which is a Parish of the Diocese of St. Cloud, Minnesota. The Holy Cross Parish contributed 25% of the construction funds, and Onamia contributed 75%. The two entities continue to contribute to the Holy Cross Center operating costs, and to realize revenues from it, on a 25%/75% basis.

Each of the debtors is financially responsible for the members who belong to their respective communities; the Province provides support only for the prior provincial and two sons of the province. Onamia is responsible for the approximately thirty Crosiers assigned to its community; Phoenix is responsible for the approximately ten Crosiers assigned to its community as well as the prior provincial, to the extent my expenses are not covered by Province, because I am also the Superior of the Phoenix community. Typically, the members reside in community houses known as priories unless they are residing in assisted living, nursing care or with or near family members because of unique circumstances.

Because of their vow of poverty, individual Crosiers cannot accumulate worldly goods or money, all of which is, as discussed above, held in trust for them by the debtors. However, the members still have living, personal and mission related expenses. Many of the members each

have an individual credit card to be used solely for living expenses such as clothing and gasoline, or to pay for items needed for various ministries. After verifying that the charges are appropriate, the debtors pay the individual members' credit card bills directly to the applicable credit card company. In other words, rather than what I understand may be a usual business practice of an employee paying for such expenses and then being reimbursed by the company, in this case the debtors make the payment directly to the credit card company. The debtors have endeavored to pay all pre-petition charges on the credit cards prior to filing the petition. However, to the extent any account has not been pre-paid for some reason, the debtors will request the Court's permission to pay such amount, which is in the nature of an employee reimbursement.

The debtors share various administrative resources in order to maximize economic efficiencies. For example, the Province receives the proceeds of all donations from the debtors' website, and then distributes proceeds to Phoenix and Onamia, on a regular basis, the portions of such proceeds to which those entities are entitled. On the other hand, Onamia is primarily responsible for the fund raising function, collects all non-website donations and distributes to Phoenix and the Province, on a regular basis, the portions of such proceeds to which those entities are entitled.

Because the Province and Phoenix are located in the same city, they share space and resources. The administrative offices for the Province and Phoenix as well as the living quarters for some members located in Phoenix are located near 24th Street and Campbell Avenue in Phoenix, AZ. The property is owned by the Phoenix community, and the intent is to sell the Campbell Avenue property or otherwise monetize it to assist with funding the plan of reorganization for the debtors. The Province purchased a house in Phoenix into which some

members in Phoenix will move. Also, the administrative offices for the Province and the Phoenix community will be housed in property owned by Crosier Village in space leased by the Province and Phoenix.

The Province charges taxa to Phoenix and Onamia, which are fees based on formula that includes the number of Crosiers assigned to the community, and the community's ability to pay to assist in funding the operations of the debtors. For the most part, Phoenix has had a very limited ability to pay.

E. THE SEX ABUSE SCANDAL AND THE PENDING LITIGATION.

Prior to moving to Phoenix, AZ, the Province was headquartered in St. Paul, Minnesota, for many years. The Onamia community operated a school known as the Crosier Seminary in Onamia between 1922 and 1989. The school provided four years of high school education and two years of college education for young men who were considering a vocation of religious life or the priesthood. In 1989, faced with declining enrollment and financial troubles, the Crosier Seminary closed.

Unfortunately, the sex abuse scandal that has plagued so many entities within the Catholic Church has also affected the debtors both in their civil and religious capacities. In the early 2000's the Province and Onamia received a number of claims, including claims arising from abuse that occurred at the Crosier Seminary and claims relating to various other places (including several Dioceses and Archdioceses) where Crosiers had served as teachers or priests.

The debtors were deeply saddened and devastated by this news, and took proactive steps to deal with the crisis, including: (i) identifying others who had been harmed, (ii) implementing policies and programs to prevent future abuse; and (iii) assisting survivors. To discern a path for the future that would ensure safety of children and vulnerable people, compensate survivors, and

ensure accountability going forward, the debtors gathered information, including consulting with professionals in the field. Representatives of the debtors attended a gathering of the Conference of Major Superiors of Men that was specifically scheduled to address the response of religious men to the sex abuse crisis. In addition, the debtors provided counseling and other services to survivors who came forward to them (in addition to compensation to survivors).

In June 2002, the Province hired the Minnesota-based law firm Faegre & Benson, LLP, to conduct an investigation of present and past allegations of abuse by members. In conjunction with that investigation, it was discovered that the most recent allegation was of abuse that had occurred in the early 1980's. In other words, there were not claims or allegations of any current abuse. The prior provincial at the time, Father Carkhuff, sent letters of apology to various groups and invited any unidentified survivors to come forward. These letters were also published in *Crossview*, a Province publication, as were the results of the Faegre & Benson audit. Much information regarding the results of that investigation remains on the PSO's website today under the topic of "Safe Environment."

As a result of their information gathering and the 2002 audit, the PSO has adopted a strengthened sexual misconduct policy, based upon the principles in the statement adopted by the Conference of Major Superiors of Men regarding abuse of minors. The intent of the policy is to ensure the Crosiers are doing all they can to protect the people they serve and earn the trust of the public. Details regarding this policy and how the debtors have continued to respond to the sex abuse tragedy will be described in more detail in other pleadings or documents that will be filed in conjunction with the reorganization cases.

F. REASONS FOR FILING THE REORGANIZATION CASES.

When Minnesota and Hawaii opened windows allowing claims for abuse to be filed within a specific period regardless of whether the statute of limitations had previously run, the Province and Onamia were named in fifty-seven (57) lawsuits. Some of those lawsuits have been settled in the last several years; however, as of the filing of the reorganization cases, forty-three (43) lawsuits remain unresolved.

The Province and Onamia are no longer able to deal with these claims and settle them one by one which had been its past practice. The debtors lack the financial resources to deal with the large number of contemporaneous claims now pending against them. Additionally, the debtors have limited insurance. Their sole insurers, the Twin City Fire Insurance Company and Hartford Accident and Indemnity Company, commonly referred to as Hartford, filed a declaratory judgment action against the debtors which is currently pending in Minnesota. It is my understanding that if Hartford's position on coverage prevails, it could significantly affect the resources that are available to resolve the pending claims.

Because of the debtors' limited resources, the importance of their mission and ministry, the need to balance their obligation to the survivors and to their members who are not responsible for these problems, and the desire to find a fair and equitable way to compensate the survivors, we made the decision to file these cases.

G. INSURANCE DISPUTES AND SETTLEMENT.

The declaratory judgment action was filed in December 2015. The debtors were facing impending fact and expert discovery cutoffs in the next several months and a trial date early the following year. As a result, the debtors were facing the necessity to expend substantial resources to litigate the issues with Hartford and run the risk of not only a decision that would severely

limit insurance coverage but also resulting in years of litigation through trial and possibly appeals which would also delay the ultimate resolution of the remaining sex abuse claims and divert the debtors' limited resources to litigation costs rather than in compensating survivors.

After extensive negotiations, the debtors and Hartford have been able to settle the declaratory judgment action with an agreement with Hartford for a substantial contribution to a plan of reorganization in exchange for releases and policy buybacks. The debtors and Hartford will be seeking approval of the settlement.

The debtors have also worked with primary plaintiffs' counsel in this matter and believe they have a framework for a consensual plan of reorganization based upon the agreed contribution from Hartford and the contribution by the debtors to fund a plan of reorganization. The collective goal of the debtors, Hartford and plaintiffs' counsel is to move these Chapter 11 cases expeditiously in a manner that results in fair, equitable and timely compensation to those who have been harmed.

If called to testify in this matter, I would testify as set forth above under penalty of perjury of the laws of the United States.

RESPECTFULLY SUBMITTED this 1st day of June, 2017.

V. Rev. Thomas A. Enneking
Very Rev. Thomas A. Enneking, osc, President