

Scouting Settlement Trust Anniversary Note

Today marks an important milestone for the Scouting Settlement Trust (the “Trust”). Exactly one year ago, the Boy Scouts of America (“BSA”) plan of reorganization became effective, which allowed the Trust to be created and authorized it to begin the important work of evaluating claims and compensating survivors of childhood sexual abuse while in the Boy Scouts of America. That very day, the team and I began building the infrastructure necessary to evaluate tens of thousands of survivors’ claims fairly and efficiently and, if such claims were allowable, begin to distribute available monies to those Claimants.

As of today, the Trust has paid around \$11.5 million to 4,602 Claimants, many of whom hold allowable Expedited Distribution claims. But we have also begun evaluating and paying Matrix claims, although that claims process is just getting started as I will discuss in more detail shortly.

All of us working on your behalf appreciate that this process can be perceived as too slow or that the payments to date have been too small. But as I said, we really are just getting started and hitting our stride because the first year of the Trust’s operation required building a highly skilled and complex organization from scratch.

One year ago, our priority was to design and establish the procedures necessary to open the claims process to allow the approximately 82,000 potential Claimants and their attorneys to submit claims. Opening the claims process required in-depth, large-scale planning, development, and implementation of the many components required for an efficient settlement program.

The work included translating the requirements of the Bankruptcy Court’s mandatory Trust Distribution Procedures (“TDP”) into a comprehensive Claims Questionnaire; disseminating the Claims Questionnaire; creating and programming the Claims Processing Portal and all necessary databases; establishing and training a Claimants services team to field Claimants’ questions and concerns; training analysts to carefully review claims; and more. As I’ve said before, I have never in more than four decades as a lawyer and judge seen a more complex set of requirements than the TDP under which we must operate.

Notwithstanding the significant challenges we faced, on August 4, 2023 – less than four months after we were authorized to begin work – the Trust launched the Claims Processing Portal and began accepting Claims Questionnaires for the 7,000 or so Expedited Distribution Claimants. Two weeks later, the Trust opened the Claims

Processing Portal to all other Claimants, including the remaining approximately 75,000 Claimants who filed proofs of claim in BSA's bankruptcy case.

And on September 19, 2023, the Trust began making payments, initially to those who selected the Expedited Distribution option when voting on BSA's plan. To date, 4,371 Expedited Distribution Claimants have been paid \$11,080,485. While \$965 was withheld from each Expedited Distribution Claimant with an allowed claim's payment to insure that medical liens against the Claimant's recovery could be satisfied, we have made significant process in resolving those medical liens. In the weeks ahead, we will begin releasing a portion of the lien holdback amounts to Expedited Distribution Claimants whose liens have been resolved.

The deadline for Claimants to elect to have their claims evaluated under the Independent Review Option ("IRO") was February 23, 2024. Currently, 319 Claimants are moving forward in the IRO process. Significantly, some of the earliest submitted IRO claims will begin their hearings next month, with Settlement Recommendations by the Neutrals assigned to evaluate those claims being submitted to me within thirty days or so thereafter.

The deadline for Claimants to elect to have their claims evaluated under the Matrix claims process is May 31, 2024. To date, 19,048 Claimants have submitted their Claims Questionnaires to the Trust for review under the Matrix process. We currently are reviewing as many already submitted Matrix claims as possible and expect to receive thousands more Matrix claims in the weeks ahead. We have begun making initial distributions on Matrix claims; we have paid 37 Matrix Claimants a total of \$257,615. After hearing from you about your difficult financial circumstances, we developed and then implemented the Advance Payment Program that allows us to provide an advance of \$1,000 to eligible Claimants before their claims have been finally determined. To date, we have paid 194 APP Claimants a total of \$194,000.

I know that all survivors want us to move faster and distribute more money more quickly, but we must be careful and thorough to ensure that every claim is allowable and that every Claimant is treated fairly and respectfully. The Trust differs from many other class-action/bankruptcy trusts in that it must continue to present claims to the non-settling insurers so that we may attempt to collect the value of those claims from the appropriate insurers. This adds an extra layer of work to the resolution process. The Trust also has a fraud-detection protocol approved by the bankruptcy court, which we must follow to ensure that only valid claims receive payment from the Trust.

I understand that some people are frustrated that the initial distribution on allowed Matrix claims is not a higher percentage of the allowed claim amount. But we are required to pay out claims evenly, so until we know the value of all claims, and the amount of money we ultimately will have, the Trust must pay out the money in installments.

The Trust currently has approximately \$600 million on hand that is available to pay on allowed claims. While the Bankruptcy Court valued the contributions to the Trust at approximately \$2.4 billion, only a portion of the Trust's assets were transferred to the Trust on the Effective Date of the BSA plan. Another approximately \$1.5 billion of cash will be paid to the Trust when all appeals from confirmation of the BSA plan are finally resolved. In addition, last July, I filed a lawsuit in Texas on behalf of the Trust against more than 90 non-settling insurers who had policies with the Boy Scouts and various Boy Scouts affiliates. That lawsuit could result in billions of additional dollars for the Trust but will take time before it is finally resolved.

So, what lies ahead? We expect that the claims processing function of the Trust will become faster and more efficient as we scale operations in line with the volume of claims received. And in a little over a month, we will know the exact number of claims to be processed so we can better estimate what the initial payment percentage can be. If adjustments upwards need to be made to the awards of Claimants who have already received an initial distribution are required, that will happen. Finally, at the end of this month, the Trust will file its audited financial statement and related documents with the Bankruptcy Court, detailing its 2023 operations. Those documents will be posted on the Trust website--scoutingsettlementtrust.com. As of Dec. 31, 2023, administrative costs of the Trust were approximately \$36.1 million – the bulk of which was spent on the work mentioned above as well as legal costs. Approximately two-thirds of these administrative costs were covered by interest and dividend income earned by the Trust on its assets. In other words, administrative costs did not substantially diminish the assets available for distribution to Claimants.

With our first year behind us, every member of the Trust team remains committed to carrying out our work on your behalf with precision, integrity and as much speed as we can without sacrificing accuracy and fairness. As always, we will continue to update you through the website and our online Town Halls. Any time you have a question, please reach out to your attorney or, if you are not represented, to info@ScoutingSettlementTrust.com.

Respectfully,
Hon. Barbara J. Houser (Ret.)
Trustee