

## **Trust Will Advance Partial Payments to Survivors while Litigation is Pending**

As those of you who have attended the Trust's Town Hall meetings know, I have been asked repeatedly by Survivors if the Trust can distribute some money while the claims process is under way – and before the final value of a valid claim is determined. All of us at the Trust are extremely sympathetic to this position, particularly because many Survivors are elderly and in poor health.

And, let's face it, the Trust evaluation process is lengthy even in the best circumstances and is complicated further by ongoing litigation in several venues across the country, including the United States Supreme Court.

So I am pleased to share that we have found a way to provide Survivors with an advance against the ultimate value of their claim. Under the Advance Payment Program, or APP, eligible Claimants will be able to receive payments of \$1,000 before their allowed claim amount is finally determined. Eligibility to participate in the APP will be determined based upon a rigorous but expeditious examination of the information provided to the Trust by individual Claimants.

More details about the APP are below.

This week also marks the first initial distribution to a claimant on his allowed claim under the so-called Matrix claims process detailed in the [Trust Distribution Procedures](#), or TDPs. This is an important milestone because the vast majority of the more than 82,000 claims the Trust expects to evaluate will be done under the Matrix process. Including the first Matrix payment, the Trust has issued approximately 3,166 payments totaling nearly \$8 million to Survivors.

As I have shared in prior communications, the Trust will – over time – make multiple payments on Survivors' claims as more funds are paid into the Trust and illiquid Trust assets are converted to cash. The *initial* distributions made by the Trust on allowed claims will be 1.5 percent of the total allowed claim amount as a result of several factors. They include:

- **Appeals:** The Trust will not receive the full amount of its funding until the BSA reorganization plan is confirmed by final court Order. Finality will not occur until all appeals from confirmation of the plan are exhausted. A group of Claimants, along with certain insurers, have an appeal pending before the Third Circuit Court of Appeals. As long as that appeal is pending, the Trust will not receive additional funds. The Trust currently has approximately \$600 million in liquid assets available to distribute to Survivors with allowable claims. When the

confirmation order becomes final, the Trust should receive another \$1.5 billion, which can be used to fund Trust operations and compensate Claimants with allowable claims.

- **Litigation:** The Trust also has litigation pending against dozens of insurance companies with billions of dollars more in coverage. Any funds received through that litigation will go to the Trust and can be used, in part, to distribute to Survivors with allowable claims. However, that litigation is temporarily stayed until the United States Supreme Court rules on certain issues presented in the Purdue Pharma bankruptcy case. The Purdue ruling is expected by summer.
- **Claim Totals:** The ultimate amount paid to Claimants will be determined in part by how many claims are filed and allowed. Until the Trust knows the total number of allowed claims, it cannot determine how much can be distributed to individual Claimants. The rules established by the Bankruptcy Court *require* the Trust to pay all Claimants the same percentage of their allowed claim awards. Although more than 82,000 claims were filed with the bankruptcy court, I expect that not all of those Claimants will complete the necessary paperwork and submit it to the Trust. Of the 7,000 or so Claimants who elected the so-called Expedited Distribution option in bankruptcy court, only about 5,600 — or 80% — ultimately submitted the required paperwork to the Trust.

I know this process has been difficult for Survivors. The rules the Trust must follow and the constraints we face are not the creation of anyone currently working for the Trust. They were established during the bankruptcy process and were the result of considerable back and forth among various stakeholders. Everyone at the Trust — including me — is bound by these rules and we must follow them to the letter. That does not mean we are not sympathetic to Survivors. The Trust exists — and we all agreed to this work — to provide a measure of justice to those who have waited too long for it. To the extent that we are able to work within the rules of the Trust to make that happen faster for more Survivors, you have my word that we will do it. I hope the APP is evidence of that.

The APP will work as follows:

- First, as Claims Questionnaires are received by the Trust, the Trust will evaluate the connection to Scouting for both the Claimant and the alleged Abuser(s). If the information provided by the Claimant satisfies the Trust's connection to Scouting requirements, the Claim will move to the next step.

- Second, the Trust will make a preliminary evaluation of the information contained in the Claimant's Claims Questionnaire to determine, after applying mitigating factors, what is the likely minimum allowed amount of the Claim.
- Third, based upon that preliminary evaluation, the Trust will be prepared to offer Claimants an advance against their anticipated initial distribution from the Trust, if that distribution meets a certain threshold. This advance would be paid to the Claimant upon receipt of an executed release by the Claimant.
- Fourth, notwithstanding the signing of a release, the Claimant's Claims Questionnaire will be subject to a detailed evaluation by Trust professionals, who will determine the ultimate value of the claim based upon all the criteria set forth in the TDP.
- Fifth, the Claimant will be notified of the allowed amount of his claim upon the conclusion of the Trust's evaluation. Once the allowed amount of the claim is determined and certain additional documents are submitted to the Trust by the Claimant, the advance received by the Claimant will be credited against the Claimant's initial distribution and any additional monies owed to the Claimant will be paid by the Trust.

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