

1 **HUMPHREY:** Hey, everybody, just reminding everyone that for the first five minutes, we  
2 stay on mute as everybody joins. We have a large crowd coming in, I can tell  
3 already, so just hang on until about five minutes after, and we'll get started.

4 All right, folks. Everybody's still joining. We're going to go ahead and get started.  
5 Welcome. Welcome to April. My name is John Humphrey. I'm co-chairman of the  
6 Tort Claimants Committee, and we have a lot to do tonight. We've got a number of  
7 people that Doug will introduce, but first I just want to lay the ground rules for what  
8 we're doing here today.

9 Our job is to get you updated on what has happened in the bankruptcy case. As you  
10 recall, we've been through the bankruptcy, Judge Silverstein affirming the plan.  
11 Doug and I were up in Delaware in the federal district court. We just heard from  
12 them a few short weeks ago. So, everybody's kind of wondering what's next. So,  
13 that's what we're going to cover.

14 Also, you know that we don't provide legal advice in these particular meetings. We  
15 would encourage you to talk to your counsel, and we're hopefully going to give you  
16 a roadmap of what the bankruptcy process looks like from here, how the plan gets  
17 confirmed, and how it goes effective, what's the appeals process at the federal  
18 district court.

19 When will we have an effective date, what happens then. There's a stay motion  
20 that's out there, so we will get some update there. We'd also like to introduce you to  
21 Honorable Judge Hauser, who will be the trustee of the trust, as you guys recall.  
22 This is like a multibillion dollar start-up, so there's lots to do, and we're very excited  
23 to have her with you. She's going to take some questions from Doug and I, and then  
24 Rich and David Moulton will be taking questions as well. So, with that, I'm going to  
25 turn it over to Doug and let him introduce our guests.

26 **KENNEDY:** Sure, thanks, John, and happy April, everybody. One other thing I want to  
27 mention as well is that we're going to be going over a lot of detail tonight, and this  
28 is going to at times sound like a law class, I think. So, the reason I bring this up is  
29 because this Zoom Town Hall will be recorded. It's getting recorded now, and we  
30 will be posting it to the website. All that information will be on a slide at the end of  
31 this. So, if any of this starts to go over your head, and trust me, some of it will,  
32 you'll be able to go back and refer to it.

33 As John mentioned, we're very fortunate tonight. We have all the plan supporters  
34 are together at this point, and we also are making headway on establishing the trust.  
35 So, as John mentioned, the Honorable Judge Houser will be with us this evening,  
36 and we've got some questions for her, as well David Moulton, who is the counsel to

1 the Coalition for Abused Scouts for Justice is with us. Rich Pachulski, one of the  
2 counsels to the Tort Claimants Committee is with us as well.

3 So, we've got a number of people that are going to be with us. Thanks to all of them  
4 for taking time to be here tonight, and we're going to start, we're going to jump right  
5 in and start asking some questions.

6 **HUMPHREY:** Yeah, thanks, Doug, and remember, TCCBSA.com. We'll mention it again  
7 at the end. But if you have to drop for any reason, the recording will be there, and  
8 updates will be there. So, I guess my first question will be for Richard. But before I  
9 ask it, I just want to thank David Moulton and his team, the Boy Scouts and their  
10 team, and Richard Pachulski and his team.

11 We're in year three, and there's been a lot of heavy lifting. People have worked  
12 hard, compromised, and we've gotten this plan before us, and so we're very excited  
13 about where we are in the process. We're not done. As you remember in our first  
14 Town Hall, I believe Jim Stang said all the survivors really want to know is how  
15 much are they going to get and when.

16 So, we're still not there yet. So, there's still a lot to do. So, Richard, what has  
17 happened since Judge Silverstein approved the plan? How did we get here, and  
18 what's next?

19 **PACHULSKI:** Thanks so much, John, great being able to participate today. I'm excited,  
20 because I think we're hopefully in the home stretch of starting a process that will  
21 start getting the survivors the compensation they deserve. So, let me set the table  
22 this way, John, just because it's going to set some context as to some of the other  
23 questions I suspect you or Doug are going to have.

24 So, the plan of reorganization was approved by the bankruptcy court that was  
25 originally an opinion that Judge Silverstein had entered. Ultimately, on September  
26 8, 2022, the bankruptcy court entered the confirmation order approving the plan.  
27 But that was the beginning of the process in some respects, because on September  
28 22, 2022, 17 insurers and frankly, two groups of survivors, appealed the bankruptcy  
29 court's confirmation order to the district court.

30 There was a briefing schedule that was set by the district court, and there were very  
31 extensive briefings in that respect. The district court held two days of oral argument  
32 on February 9 and February 10, 2023, and listened to all of the parties, both  
33 supporting the plan and opposing the plan. Fortunately, and in many respects sooner  
34 than some of us thought, the district court affirmed the confirmation order, meaning  
35 that the district court found appropriate all provisions of the plan, and entered that  
36 affirmance on March 28, 2023, John. So, that kind of set the wheels in motion of  
37 what we're now going to go and describe to those participating on today's webinar.

1 **KENNEDY:** So, David, one of the questions that we have gotten from survivors several times  
2 in the past when the plan was approved, the survivors said, okay, it's approved.  
3 Now what? Then Judge Silverstein approved the plan, and then survivors said,  
4 okay, so now let's move on. So, my question to you then is can you explain what the  
5 significance is of the district court now approving the plan?

6 **MOULTON:** Yeah, thank you, Doug. And before I answer that question, I just want to thank  
7 everybody out there. It's been a long ride, a difficult ride, but as I told a bunch of  
8 people a week ago, we're very close. One of the things that those of you who sat  
9 through the district court argument, I think it was two days of full argument, you  
10 saw an engaged federal district judge ask very difficult questions, and those difficult  
11 questions weren't only aimed at the objectors, but they were aimed at the plan  
12 supporters as well.

13 So, lots of people left there, you know, oh, my god, what's going to happen, are we  
14 going to get this order, Judge Silverstein's confirmation order, affirmed, is there  
15 going to be any issues with it. If you would have asked me what we got a week ago  
16 Monday, we got 100 out of 100. It was an unbelievable, comprehensive, thorough  
17 decision by Judge Andrews that really makes, to the extent there will be a further  
18 appeal to the third circuit, and well talk about that, makes that just a lot easier.

19 The district court approved the confirmation order, simply put, from top to bottom,  
20 without any exceptions--any exceptions. All of the settlements approved by the  
21 bankruptcy court were upheld, and that includes the BSA settlement, the local  
22 council settlement, the United Methodist settlements, the insurance settlements with  
23 Hartford, Century, Zurich, and Clarident (SP).

24 Also, the settlement trust, the procedures that govern the settlement trust and the  
25 trust distribution procedures, the procedures by which you all out there will get  
26 paid, and which a lot of time and effort of everybody--survivors, their state court  
27 lawyers, the bankruptcy professionals, and experts--were directed to, these were all  
28 approved without modification. The assignment of the insurance rights--again, an  
29 extremely, extremely important part of this plan for the independent review option  
30 as well as augmenting the \$2.5 billion we already have (inaudible) was approved.

31 So, we are in terrific shape, given to us in a beautiful opinion crafted by Judge  
32 Andrews. You guys saw the length. I mean, it's this thick. It really puts us in a  
33 wonderful place in terms of getting this thing wrapped up and finished. Thank you.

34 **HUMPHREY:** Appreciate it, David. Thank you for that thorough answer. Sorry for my  
35 little--knocked my--I knocked my camera off the top. You just can't live television  
36 without something going on. So, Richard, question for you is what needs to happen

1 for the plan to go effective, and I think that word means a lot more to lawyers than  
2 it does to survivors. So, maybe you can unpack that a little bit.

3 **PACHULSKI:** Yeah, let me try to do that. I agree with what David just said. I mean,  
4 we're excited because Judge Andrews affirmed everything, and I think that is going  
5 to help us go through this process, and I will explain that all in a few moments,  
6 what that means going forward. But one of the technical issues that we all have to  
7 deal with is that a plan effectively can't be implemented until it goes effective. It's a  
8 term of art.

9 But effectively, there's a date by which the plan is--cannot really go forward, or at  
10 least the provisions of the plan, unless the plan is deemed to go effective. So, the  
11 question is in most bankruptcy cases, the plan can go effective after the bankruptcy  
12 court has issued its confirmation order, and there's no stay of that order.

13 That happened on September 8, 2022. So, then the obvious question is why didn't  
14 we just try to go effective on September 28--excuse me, September 8, 2022. The  
15 reason was really simple--for a variety of technical reasons that really aren't worth  
16 going into at this point the plan not only required the bankruptcy court to issue and  
17 enter the confirmation order, but it also required the district court to affirm,  
18 effectively approve of that confirmation order, which is what happened on March  
19 28.

20 So, this case was somewhat different. It's a complicated mass tort case, and that's  
21 what required it, to some degree. Now we're at that point. So, what does that  
22 effectively mean? The trustee, who has really been very thoughtful in monitoring  
23 what's going on and trying to move the process forward, as well as the claims  
24 administrators, really didn't have funding to move forward.

25 Even if there was funding, you still couldn't go effective. It just meant that you  
26 would have been able to set up the mechanism to ultimately go effective and start  
27 the process. As soon as the district court affirmed, the various parties--the BSA, the  
28 TCC, the coalition, and in particular the settlement trustee, went ahead and said we  
29 need to be ready to go effective. In that respect, there's been an incredible amount of  
30 work to try to get the documentation in place, bank accounts opened, and the other  
31 necessary acts so that ultimately the cash and other assets that are coming into the  
32 settlement trust can be held for the benefit of the survivors.

33 Now, I want to kind of use an analogy. It can be either a home or investment, but  
34 you can't just kind of snap your fingers and go effective and start the settlement  
35 trust. There's a huge amount of work that goes into the process of creating a trust  
36 such as the accounts, such as the execution of a variety of documents, and frankly,

1 the process of transferring approximately, as David said, about \$2.5 billion in cash  
2 and other assets in the settlement trust.

3 So, we believe that whatever the effective date is, and our hope--and we're going to  
4 work hard to do it, but there's never a guarantee--is that sometime around mid-  
5 April, we hit the effective date. But we're going to get into at some point why that  
6 becomes somewhat complicated. But I do want to make something clear, because I  
7 know there'll be obvious questions--okay, the trust is set up, isn't that great, now we  
8 can move forward. But the problem is, or in some respects the opportunity is to  
9 move the process forward so that the settlement trust, that's when you really cut  
10 through it, an over \$2 billion business where we hope other money will come in.

11 One of the reasons the insurers have fought this process is because there's 17 who  
12 have not settled, and we hope to get money from those parties. But we do have to  
13 set up the infrastructure to make sure that these survivors get their money as quickly  
14 as reasonably possible, but in a thoughtful way. That is what the trustee, the claims  
15 administrators, and other parties that I've described are working on, so that we can  
16 be up and running as of the effective date.

17 That, as much as we would like to say that's the closing of the process, to be very  
18 frank, in many respects, it's the beginning of the process, analogizing it to buying a  
19 home and either buying land or a home you remodel. That's what we're doing now,  
20 and we want to make it as perfect as possible under the circumstances. So, that,  
21 John, is basically where we are with respect to the settlement trust, and we're  
22 working hard to be able to go effective and do the work that we've been waiting to  
23 do for many, many months now.

24 **HUMPHREY:** Thanks, Rich. David, do you want to make any comments related to what  
25 Rich has said and this timetable for this going effective?

26 **MOULTON:** Yeah, I'll just briefly give some dates as to the timetable, and then I'll follow up I  
27 think a little later with the scheduling. The district court's approval or affirmance of  
28 the confirmation order, as you heard, was entered on March 28, a week ago  
29 Monday. The district court's orders automatically state, pursuant to the provisions  
30 of the plan, 14 days, as well as the bankruptcy rules, through April 11.

31 So, as a result--and we'll get to other issues that may delay effective date a little  
32 longer--the plan cannot go effective until April 12, which is a week from tomorrow,  
33 at the earliest.

34 **HUMPHREY:** Great.

35 **PACHULSKI:** Thanks.

1 **HUMPHREY:** So, Richard, what prevents it from going effective?

2 **PACHULSKI:** So, David is correct. In a perfect world, we would go effective on April  
3 12, so what is the problem? The problem is that we have the 17 insurance  
4 companies and the two survivor groups who have now appealed the confirmation  
5 order, and the appeal is effectively going to go to the Third Circuit Court of  
6 Appeals. But that doesn't mean we can't go effective. The appeal in and of itself  
7 does not do it, does not stay the effectiveness.

8 But what the parties have also done who oppose what we've been trying to achieve  
9 is they've gone to the district court to ask for a stay, so that the district court  
10 affirmance will not go into effect, and that we still cannot go forward and start  
11 getting the--and really push forward with the settlement trust. The briefing is  
12 schedule for this week on that stay. Only Judge Andrews knows what he's going to  
13 do with that.

14 We hope that there will be a very quick decision, and we're very hopeful that Judge  
15 Andrews will not grant the stay. But even if Judge Andrews, who now has the  
16 matter at the district court level, does not grant the stay, then I have no doubt that  
17 the 17 insurance companies and the two survivor groups will then seek a stay with  
18 the Third Circuit Court of Appeals.

19 Again, we're hopeful that the Third Circuit will see that both Judge Silverstein and  
20 Judge Andrews were very thoughtful in very lengthy, detailed opinions, that there  
21 will not be a stay. We hope that that will--that those two stays will be denied by  
22 April 12, and we will then go effective.

23 If not, we will push forward to get the process moving again. Two courts have to  
24 make a decision by April 12 to hit that date, but if it's a week later, it's a week later.  
25 Our hope is that that does not happen. But we want to do whatever is necessary, and  
26 we're going to battle to make sure that we hit that effective date and that we hit it  
27 sooner than later, and that hopefully the stays are not granted, so that we can all  
28 move forward together and come up with a successful resolution to this case.

29 **KENNEDY:** Okay. Rich, I think that's a really good overview. David, is there anything else  
30 related to those specific dates that--you know, survivors look forward to this.  
31 Sometimes it's easy to say, okay, well, April 12, then, things will be effective. But  
32 obviously there's some other thing that could happen in the meantime, could happen  
33 in addition to this.

34 One of the comments we've talked about for a long time is often this is like playing  
35 three-dimensional chess. So, what's the other dimension here that's going on at the  
36 same time?



1 **MOULTON:** Yeah, let me give you my view of it, and some prognostications from this pretty  
2 weathered bankruptcy and trial lawyer as to what we're going to see, and when. I'll  
3 caveat that I've got a better sense in terms of the district court than I do from the  
4 circuit. But as Richard said, on March 31, the insurers filed their emergency motion  
5 to stay the district court's affirmance until the court of appeals, the Third Circuit,  
6 ruled on their appeal.

7 The D&V and Lujan appellants filed I think a day later, April 1, April Fool's Day,  
8 and the judge ordered today, the judge actually issued an order, Judge Andrews--  
9 we're talking the district judge--that kind of, from my sense and my experience,  
10 gives me an ability to a little bit of prognostication, Doug. And that's he ordered  
11 that their--the debtor and the plan supporters' responses be filed on Thursday, April  
12 6, which is in two days, and I know we're hard at work on that right now.  
13 Everybody out there should realize that our sleeves are rolled up and we're going to  
14 have a terrific set of papers filed in there.

15 He then gave the objectors one day to file a reply, if--and he said, "I don't need any  
16 replies." He said, "If you want to file a reply, you can file it, but if you--but I don't  
17 need it." April 7, this Friday. I think it's Good Friday, April 7. He also issued  
18 another part of that order, and he said, "I'm denying the effort by certain of the  
19 objectors to submit oversized briefs." So, he doesn't want to read more than he has  
20 to.

21 From my experience, I'm going to say that means this judge, who wrote a 100-plus  
22 page through decision, completely dealing with every one of these issues, is done  
23 with this case, and he's ready to give it up. If you're asking me, I would expect that  
24 sometime soon after Friday, April 7--and I don't know how soon, but it's not going  
25 to be weeks, folks, and it may be just days--you will see. You will not see, my view,  
26 a formal written decision denying the stay. You'll see a one-pager that says the  
27 objectors' motion to stay the appeal--to stay the effective date pending Third Circuit  
28 review is denied--denied.

29 That's what you're going to--that's my view. I may be wrong. As I say, that and a  
30 dime doesn't buy you a phone call or a cup of coffee anywhere in the country. But  
31 that's my experience, and I'm giving you the benefit of my experience. There will  
32 not be oral argument, by the way, on this. So, the judge is getting the papers and  
33 he's ready to rule as soon as he gets the papers. You don't have to call everybody  
34 back to Delaware and hear them jump up to the rostrum and talk. So, that's where  
35 we are.

36 But once that stay is denied by the district court, if it's denied, and it's going to be  
37 my view that it will be denied, it may still stay the order of effectiveness for a  
38 shorter period of time. That's going to be up to the discretion of the district judge.

1 So, the appellants can go up to that district court's boss, which is the Third Circuit  
2 Court of Appeals, and seek a stay pending full review to the court of appeals.

3 If that's the case and if they do move for a stay to the court of appeals, that will be  
4 done, arguably, on an expedited basis. But we don't know what the timing or the  
5 briefing schedule will look like there. But that's what it looks like, so we're all  
6 crossing our fingers that by the end of this week or the beginning of next week,  
7 we're going to be through the first phase of the stay application being resolved in  
8 the favor of survivors. Thank you, Doug.

9 **KENNEDY:** Thanks, David.

10 **HUMPHREY:** So, that's our optimist. Our optimistic view. Having sat and listened to the  
11 judge, honestly, in the two-day argument, that he was all over the details. So, but I  
12 have to give the counterpoint, David, because you know, survivors sometimes are  
13 disappointed. So, Rich, what happens if it gets stayed?

14 **PACHULSKI:** So, that's a--John, that's a very, very fair question, and it's been something  
15 that has been on David's and my and Judge Houser's mind, and others'--the claims  
16 administrators, the lawyers, our colleagues at David's firm and my firm, as to what  
17 to do. This is an issue we thought about in terms of what--we didn't even--in  
18 fairness, we tried to get ahead of the issue even before thinking about what happens  
19 in the district court if the Third Circuit stays.

20 As I mentioned initially, John, some of us, including myself--I'm probably not  
21 always as optimistic as David is, but I absolutely think David is right about his  
22 assessment with respect to what Judge Andrews would do with the stay. But I was  
23 worried that it would take Judge Andrews longer to come up with a decision than it  
24 actually took. It was very thoughtful and it was done in a much shorter period of  
25 time.

26 So, Judge Houser and David and I have been spending some time to think about,  
27 well, how can we move this process along, even before thinking about the stay. Just  
28 so that we're prepared to be up and running at the time that the effective date hits.  
29 So, starting particularly at the beginning of the year, we started a dialogue with the  
30 Boy Scouts to try to put together funding to not go effective, but to have the trust up  
31 and running.

32 It took a little time, and we were able to negotiate what we call the advance funding  
33 motion. That advance funding motion was filed on March 1, 2023, in which the Boy  
34 Scouts and the coalition, the TCC, the FCR, all filed the motion in support. Now,  
35 initially, the motion was scheduled to be heard on March 23, but the bankruptcy  
36 court moved it to April 19. Obviously, the decision came down five days after the  
37 original date to be heard, the advanced funding motion.



1 Not unsuspected, the 17 insurance companies and the two survivor groups opposed  
2 the motion. They're seeking whatever delay they could. I frankly think it's unfair  
3 vis-à-vis their opposition, because the whole point of the trust funding motion was  
4 to allow Judge Houser to basically do, over a much--a little more runway based on  
5 what we thought the time it would take for Judge Andrews to open bank accounts,  
6 to interview and hire professionals, to start, for instance, developing the  
7 questionnaire process.

8 So that the trust was farther along when hopefully the plan was ultimately  
9 confirmed and not stayed, or so it was affirmed by the district court and not stayed,  
10 and so that was the goal of that motion. Now, if we go effective on April 12 or  
11 sometime reasonably thereafter, that motion will effectively not be necessary. But  
12 as John said, we're always cautious, and at this point we intend to move forward on  
13 April 19, even if the district court does not--even if the district court goes ahead, as  
14 David hopes and I hope and Judge Houser and the other parties who've been dealing  
15 with this, that Judge Andrews does not grant the stay.

16 But we don't know what the Third Circuit will do, and in light of that, we're going  
17 to move forward, basically on a parallel path. One is to get ready, assuming we hit  
18 an effective date soon, hopefully during the month of April, and one if we don't hit  
19 the effective date because there is a stay, so that the settlement trust can be formed  
20 as far along as possible before that stay is lifted, assuming a stay went into effect.  
21 But we're cautiously optimistic and hopeful that that motion will not happen.

22 But if it does, we hope that it gets approved and that we'll be doing a lot of the same  
23 work going forward that we are doing right now to get ready for the effective date.  
24 So, that's the goal, John, is that we basically have a plan A, which is go effective  
25 immediately, and a plan B if it's stayed, that we can start preparing the settlement  
26 trust to go into effect.

27 **HUMPHREY:** Okay. Well, thanks, Richard and David. Great answers, very thorough. I'm  
28 sure many people, including myself, are going to have to go back and review the  
29 video to take some notes. So, with that, Doug, I'd like to turn it over to you.

30 **KENNEDY:** Yeah, thanks, John. It's my great pleasure to introduce Judge Barbara Houser into  
31 this process, and I think it's important for survivors to understand that the way the  
32 plan is set up is that the bankruptcy court sort of gets itself out of the business, and  
33 Judge Houser will be the trustee for the survivor's trust. I've been trying to think of  
34 an analogy today to sort of explain how this works.

35 But essentially, it's if 82,000 people are the owners of a business and Judge Houser  
36 is the CEO. She's been hired to run this business, and a multibillion dollar business,  
37 and figure out how to run it effectively, efficiently, and we are so lucky to have her

1 be the person that's going to be at the helm. So, I think the first and most important  
2 thing, Judge Houser, is for you to please tell us about your background and some of  
3 your experience, and what brought you to this point.

4 **HOUSER:** Oh, thank you, Doug, I really appreciate the opportunity to speak with the survivors  
5 of the abuse in the Boy Scouts cases. To give you a little bit of my background, I  
6 grew up in a small town, kind of in the middle of nowhere in Nebraska. Was  
7 fortunate enough to decide upon a career in the law, and have enjoyed my legal  
8 practice for about 45 years.

9 I was in private practice in Dallas for 22 years before I took the federal bankruptcy  
10 bench. During the course of my 22-year career I was a corporate bankruptcy lawyer.  
11 I did this kind of work, I represented debtors, creditors' committee predominantly,  
12 and really enjoyed my private practice years. I was fortunate enough to develop a  
13 national reputation as to (inaudible) bankruptcy lawyer and concluded my career as  
14 a lawyer, handling as lead debtors' council of the Dow-Corning bankruptcy case,  
15 which at the time was one of the largest mass tort bankruptcies in the United States  
16 and world.

17 It was a challenge that I worked on for a number of years before it was successfully  
18 concluded. Shortly after that plan went effective I had been selected to take the  
19 bench in Dallas, in the northern district of Texas. So, I have experience in the  
20 handling of mass tort cases from the debtors' side, from the creditors' committee  
21 side, and it's a very, very challenging area of the law, but one that is truly  
22 fascinating.

23 I took the bench in January of 2000, and presided as a bankruptcy judge, as I've  
24 mentioned, for 22 years. During those 22 years, I had the opportunity to handle a  
25 large volume of cases. The northern district of Texas at the time I took the bench  
26 was a quite busy court. We had a lot of Chapter 11 and other cases pending before  
27 me. I think during the highest-volume year I had some 8,000 cases assigned to me  
28 individually as a bankruptcy judge. So, it was a very difficult docket to manage, but  
29 one that I found extraordinarily fulfilling.

30 During the course of the time that I served as a federal bankruptcy judge, I was very  
31 active within the federal judiciary. I've had the opportunity to do a number of things  
32 within the bankruptcy community and within the federal judiciary community,  
33 which made my time as a federal judge extraordinarily rewarding. One opportunity  
34 that came my way, perhaps it was a phone call I should have declined, but about  
35 four and a half years before I finally retired from the bench I got a phone call and  
36 was asked if I would consider leaving a federal judge team to mediate the issues and  
37 disputes and the debt restructure for Puerto Rico.

1 Puerto Rico had a number of instrumentalities that filed a bankruptcy-like process  
2 under a special statute that Congress enacted that enabled a territory of the United  
3 States to file for bankruptcy. So, while municipalities under the current bankruptcy  
4 code can file for bankruptcy, such as Detroit as a good example, a territory or a  
5 state of the United States is prohibited from filing bankruptcy under the bankruptcy  
6 code.

7 Because Puerto Rico had such a massive debt problem and the parties had been  
8 unable to resolve that debt outside of a formal court process, Congress enacted a  
9 special statute called PROMESA that permitted Puerto Rico and seven of its  
10 affiliates, other instrumentalities of Puerto Rico, to file a proceeding under Title III  
11 of PROMESA, which was essentially a mix between Chapter 9, the municipal  
12 bankruptcy case, and a Chapter 11, a corporate reorganization case.

13 I led a team of five federal judges--myself, another bankruptcy judge, Judge Tom  
14 Ambro from the Third Circuit Court of Appeals, and two federal district judges. We  
15 worked for four and a half years to help Puerto Rico restructure its debt, which  
16 totaled some \$120 billion. It was an extraordinarily difficult assignment that I  
17 undertook, but it was one that was extremely rewarding because of the complexity  
18 of the project and the fact that there were many, many complications, including  
19 hurricanes, earthquakes, political unrest that resulted in the resignation of a  
20 governor.

21 I think there was a three-day period during the Puerto Rico proceedings where we  
22 had four governors in three days, which made the case and our mediation efforts a  
23 bit challenging. But thankfully, with a lot of hard work and cooperation from the  
24 parties, we were able to restructure all of the debt and that was a real credit to  
25 everyone who was actively involved in the process.

26 So, once I thought Puerto Rico was wrapped up, I decided it was time for me to  
27 embark on the third chapter of my professional career. So, on January 20 of 2022,  
28 January 20 of last year, I officially retired from the bench, although I think many  
29 people think it was kind of a fake retirement, because I immediately embarked upon  
30 a number of other projects as part of Chapter III.

31 I am currently serving as the future claims representative in an asbestos case  
32 pending in the Southern District of Texas, and of course was proposed to be the  
33 settlement trustee here in the Boy Scout case. As we all know, Judge Silverstein  
34 approved my appointment, but my appointment doesn't take effect technically until  
35 the effective date of the plan, and so we have been waiting for the opportunity to try  
36 and take the trust effective. As Richard and David have explained, we are close to a  
37 date where we think that can occur.

1 So, there's been a lot of things that I have done over the course of the last 45 years.  
2 Each phase as a practicing lawyer, as a federal judge, and now embarking in these  
3 fiduciary roles, have been extremely rewarding, and I'm looking forward to going to  
4 work for the settlement trust and for the benefit of the beneficiaries of that trust,  
5 which of course is the constituency that's listening in this evening.

6 **KENNEDY:** Thank you.

7 **HUMPHREY:** Well, we certainly appreciate you taking the time out of your busy  
8 schedule to be with us. Survivors have been anxiously awaiting who this person  
9 was that was going to be the ultimate arbiter of their fate. But maybe you could--  
10 and I don't want to put you on the spot, but what is it about your background and  
11 the things that you've done that makes you the right person to serve as the  
12 settlement trustee, if you don't mind me--

13 **HOUSER:** Maybe I should ask you guys that--why did you pick me? I'm happy to try and  
14 answer that question. I do think that, as I mentioned earlier, I grew up in the  
15 Midwest, and I don't know what your experience with Midwesterners are, but my  
16 perspective is that we have a work ethic that may be replicated in other parts of the  
17 country, but probably not surpassed in other parts of the country.

18 So, I have been a very hard worker my entire career. I have said often that I'm  
19 modestly smart, but you'd work hard to find somebody who's willing to put in more  
20 time and energy and effort to get to a good result, or as good a result as is possible.  
21 So, I think my background and my work ethic is something that makes me  
22 particularly well-suited for what will be a difficult project here. I also think that the  
23 time that I spent on the bench also provides me with great background and  
24 experience to take on this role. When you're a bankruptcy judge for 22 years,  
25 handling thousands of cases per year, which means tens of thousands, if not  
26 hundreds of thousands, of claimants whose claims I have to oversee as a judge and  
27 allow, I think that makes me particularly well-suited to look at these claims with the  
28 assistance of my claims administrators, and really decide how best to deal with  
29 them.

30 I have always been a good manager of processes, and I think that's a key component  
31 of this role, is to manage these processes as effectively and as efficiently as  
32 possible. I think the time that I have spent as a judicial mediator during the last 45  
33 years has also made me empathetic to the competing considerations that parties  
34 have. The pressures that people are under, the opportunities that that creates, but  
35 also the disappointments that that creates.

36 I tend to be a pretty empathetic person, and so I think if you combine all of those  
37 things together, it's at least my hope that I will be well qualified and do a good job

1 here in getting this trust up and running, and managing this process, and trying to  
2 bring the process to completion as quickly as possible, which means, of course,  
3 making distributions to claimants whose claims have been approved.

4 **HUMPHREY:** Thank you.

5 **KENNEDY:** Judge Houser, so, you're about to embark on managing a trust that deals with the  
6 adult survivors of sexual abuse, and I think one of the questions that we hear all the  
7 time from survivors is how well will the trust understand us and what we've been  
8 through. So, I think that's a fair question, and that is how has your experience in the  
9 past helped to inform you, and what's the trust going to do to make sure that it  
10 understands this unique population?

11 **HOUSER:** Well, I think a couple of things, Doug. First, we intend to interview and hire a  
12 sexual abuse consultant. Someone who has worked with survivors of sexual abuse  
13 in the past and who is intimately familiar with the issues that we will face in  
14 addressing these kinds of claims. So, I think that will be an important first step. I  
15 have a lot to learn. I will be the first to admit that. But that is something that I  
16 welcome, and will put my energies into developing a good understanding of that.

17 The best news there is that in addition to the sexual abuse consultant that the trust  
18 will hire, is that the survivor consulting group selected two excellent claims  
19 administrators. One will oversee the trust distribution process, the other will oversee  
20 the independent review process, although they will be working together and  
21 working with me. Both of those claims administrators, Randy Roth and Judge  
22 Michael Reagan, have experience in dealing with sexual abuse claims, and I think  
23 their experience in the past and the expertise that they also contribute to this process  
24 will be of enormous benefit to us.

25 But I think we're all here to say that we need to learn about our survivors here and  
26 the claims that they have, but we're embracing that, and well do the best we can to  
27 learn as much as we can just as quickly as possible.

28 **KENNEDY:** Right. I should mention too that I don't think I'm talking out of school--I think that  
29 we have hopes to get Ms. Roth and Judge Reagan on one of these meetings  
30 sometime soon as well.

31 **PACHULSKI:** Absolutely.

32 **HUMPHREY:** So, in addition to those two, what are some of the other things you guys  
33 are doing in the interim, waiting for the plan to go effective? I'm sure there's a long  
34 checklist.

1 **HOUSER:** There is indeed a long checklist. So, the day that we got word that Judge Andrews  
2 had affirmed the bankruptcy judge's decision, I immediately sent a note out to  
3 debtor's counsel, next steps, where are well. No point in letting any grass grow. We  
4 got on a phone call with all of the interested parties on the supporters of the plan  
5 side of the equation and mapped out what our game plan would be, all the steps that  
6 would need to be taken in order to take the plan effective.

7 Needless to say, we've been extremely busy for the last eight days in finalizing the  
8 documents that will have to be signed by me as settlement trustee on behalf of the  
9 trust, working to get those documents in form that we think are appropriate and  
10 protect the rights of the beneficiaries of the trust. We are in the process of--we've  
11 sent out a request for proposal in order to begin to interview claims processing  
12 firms.

13 As you all know, better than I, perhaps, some 82,000 claimants have filed claims in  
14 this case, and we will have to have a firm that is experienced in the handling of that  
15 data to work with us in the evaluation of the claim so that we can determine what  
16 claims will be allowed and what values those claims will be allowed.

17 We are in the process of interviewing, or will be in the process soon of interviewing  
18 those parties in hopes that we can actually have not only the documents ready to go  
19 by April 11, but we can have--if we're fortunate, we can have a claims processing  
20 firm selected. So, all of the things that will go into actually being able to take the  
21 trust effective have to be done. We have to set up bank accounts.

22 As you all know, there's a lot involved even in that simple task of setting up the  
23 bank accounts, hiring a financial adviser to help us manage the 700-ish million that  
24 will come into those bank accounts on the effective date. So, there is a lot of work  
25 that has to be done in order to interview, tentatively hire, and then ultimately hire all  
26 of the professionals that I will need to work with in order to ensure that we can  
27 manage this process as effectively, and again, as efficiently and as fairly as  
28 possible.

29 **KENNEDY:** You know, Judge Houser, a lot of our questions get back to something John talked  
30 about earlier, and that is survivors always ask how much am I going to get, and  
31 when am I going to get it. One of the things that this relates to is part of the trust  
32 distribution procedures is this questionnaire. A lot of survivors thought the claim  
33 form was essentially the questionnaire. But what has to be developed is a very  
34 robust questionnaire that will help to inform your people as to what those awards  
35 should be.

36 So, I guess that question, then, gets back to how much time. So, what's involved in  
37 developing that questionnaire, and what should survivors expect from a time



1 standpoint of when that's going to be ready, and they should be thinking about  
2 completing that?

3 **HOUSER:** Well, those are all difficult questions, Doug, to answer, but let me take my best stab  
4 at that. Part of the reason why I think several of us were in favor of the advance  
5 funding motion that was finally filed on March 1 was because we were in a bit of a  
6 limbo period, where we didn't have a decision quite yet from Judge Andrews, and  
7 there was so much work that needed to be done in order to be in a position to easily  
8 transition to an effective date (inaudible) this trust.

9 For better or for worse, the motion didn't get filed because we didn't have consensus  
10 on it until it was filed on March 1. But the whole theory of that motion was to  
11 enable the two claims administrators and myself to have sufficient funding that we  
12 could hire the claims processing firm, we could begin to build the public-facing  
13 website that will be important for the trust to have, so that the claimants can log in  
14 and look and see for updates and other things.

15 So, there's a lot of mechanical things that will have to go on before we can actually  
16 really formally begin work. What we find ourselves in now, at least theoretically,  
17 assuming the plan can go effective before the April 19 hearing on that advance  
18 funding motion, is a situation where what could have been done over a several-  
19 month period in a very thoughtful and logical way, we're now doing in a thoughtful  
20 way, but we're doing it much more expeditiously.

21 So, it's really kind of everybody's hunkered down, all hands on deck, and we're  
22 moving very, very quickly because we feel the need to in order to be in a person  
23 legally to take the plan effective as quickly as we can. But what that means is that  
24 the work that we thought we would have the opportunity to do before the effective  
25 date to make the transition smoother is now going to have to be done after the  
26 effective date.

27 So, we have several months of work, and I wish I could be more precise, but I really  
28 can't be. We have several months of work that will have to be done. The  
29 questionnaire will take time to develop, and in a bankruptcy case--you know,  
30 bankruptcy proof of claim is not required by law or the bankruptcy rules to be  
31 overly robust. Congress envisioned that claims should be able to be asserted in a  
32 bankruptcy case relatively easily, because many creditors in bankruptcy cases may  
33 not have their own personal counsel. They may be representing themselves, and  
34 therefore a really cumbersome or tedious claim form is something that it was  
35 concluded wasn't required in order to make your claim of record.

36 But in order to implement this plan with the very detailed trust distribution  
37 procedures that we'll be working with, we need more information from the

1 claimants. So, one of the first things that I think the members of the stack and the  
2 two claims administrators and I will be working on is to develop a questionnaire. I  
3 can't tell you if that's a week process, a month process, but we will be working on it  
4 very diligently to think through, with the claims processing firm, the kinds of  
5 information we need from the claimants in order to be able to process these claims  
6 in an efficient way.

7 So, that will take time to develop. That will then get sent out to the claimants, and  
8 of course, in fairness, they have to be given a reasonable amount of time to respond  
9 and get the information back to the trust, who will then have to input that  
10 information into the claims processing databases, so that the processors of those  
11 claims can actually begin to work. Because sexual abuse claims are unique, many of  
12 these claims processing firms cut their teeth, for lack of a better word, in the  
13 asbestos arena.

14 An asbestos claim is just very different from a sexual abuse claim, so the claims  
15 processors, the men and women who will physically take the first look at those  
16 claims, need to be trained about sexual abuse. So, there will be a significant amount  
17 of energy that is put into training of the processors who will do the first look at  
18 these claims in order to begin that process. So, as Rich said earlier, in a corporate  
19 context, I'm the new CEO of a \$2.5 billion start-up company. I wish I could tell the  
20 survivors that it's like flipping a switch--we just turn the lights on and we're ready to  
21 roll.

22 It's not that simple. But I will tell them this--you have my commitment and I know  
23 you have the commitment of my two new colleagues, Judge Michael Reagan and  
24 Randy Roth, that we will work as hard as it's possible to work to get this trust up  
25 and running, to get the claims processing process moving forward, and then to  
26 begin the evaluation of claims as quickly as it's possible to do. What's critical to me,  
27 and I think one of the reasons I was selected, is because I am a neutral here in the  
28 sense that I'm not beholden to any particular constituency.

29 My job is to be a fiduciary to my beneficiaries--the survivors of the Boy Scouts  
30 sexual abuse--and we will do that, and we will do it to the best of our ability. But  
31 we will balance the need for speed with the need for thoughtful, empathetic  
32 dealings with our survivor community.

33 **KENNEDY:** Thank you so much.

34 **HUMPHREY:** Really appreciate that. So, the bad news, I guess, for survivors is we need  
35 to remain patient, and give the trust time to get all of its people and processes and  
36 technology in place. I would say that the good news, from what I'm hearing, is that  
37 the intent that the TCC and the coalition had in the trust distribution procedures is

1 that they would be robust and they would be a high level of integrity and very solid.  
2 So, given that, what can survivors be doing today?

3 They've submitted claim form, most are represented, some are not represented.  
4 What advice would you give them today regarding additional information for the  
5 questionnaire?

6 **HOUSER:** Well, I think the best thing you can do right now, whether you're represented by  
7 counsel or not, is to collect any additional information that may not have been part  
8 of your original proof of claim filing, so that you have the data together, so that  
9 when the questionnaire does reach you, you can fill it out, you can provide as much  
10 information as possible, and then return that claim form as promptly as possible.  
11 Because as soon as we start getting those questionnaires back, we will start  
12 inputting that data, which will allow us to begin to review those claims.

13 So, I think that using this time to good advantage in the collection of the data I think  
14 would be incredibly helpful. So, I think that's the most important thing. The second  
15 thing I will say is I ask you to be just a little more patient. I understand that you've  
16 been waiting a really long time. My heart breaks for the amount of time that has  
17 passed, and the abuse that you suffered. It's heartbreaking. It's nothing short of  
18 heartbreaking.

19 But what I ask you to keep in mind, as it relates to the trust and the work that I will  
20 be undertaking with my two claims administrators, is we haven't been involved in  
21 this bankruptcy case for the last three years. We have just now gotten involved, and  
22 it will take us a little bit of time to get the trust ready to really be in a position to  
23 move forward with the actual processing of claims. So, I know you've been patient  
24 in the past, I know this has drug on too long.

25 I know that money may not be an adequate compensation for the experience and the  
26 trauma that you have suffered. But I do ask you to be a little patient with us,  
27 because I do, as I have already promised you, I mean it when I say we will be  
28 working as hard as we know how to work, but it's going to take more time than I  
29 would like, and I certainly know it's going to take more time than you would like.  
30 So, be as patient as you can be and get that documentation together.

31 **KENNEDY:** So, I guess the next question then is what happens in the interim? When the plan  
32 goes effective, the nine of us on the TCC are out of work, so to speak. Our  
33 volunteer work comes to an end. What will the trust be doing to keep up with that  
34 communication, not just with survivors directly that have--those that have attorneys,  
35 but particularly those survivors that are representing themselves. How will that  
36 communication, how will we be able to keep that linkage with survivors now?

1 **HOUSER:** Well, you all may go away, as you said, Doug, but now it's my job. It's my job to  
2 keep the survivor community informed as to what's happening. So, we will have a  
3 public-facing website that will be up and running just as soon as possible following  
4 the effective date. You will be able to submit information requests to us through  
5 that public-facing website.

6 The two claims administrators and I will have email addresses that will be  
7 published on the website so that you can send us questions if you have them. We  
8 will also publish frequently asked questions. There will be frequently asked  
9 questions and the answers to those questions that will be available on the website  
10 that will keep you informed as to process and the questions that we know you'd  
11 likely will have that we can answer in that fashion. But the public-facing website  
12 we hope will be in a position to let you track, actually yourself, the status of the  
13 claim that you have submitted.

14 So, we will be doing everything that we can to keep you informed as to the process.  
15 The trust agreement itself has certain requirements that I have to comply with,  
16 including annual reports, reporting to the court and to the survivor community, the  
17 beneficiaries of the trust, our progress--how many claims have we processed, how  
18 have we disposed of them, and the like. And of course we will timely file all of  
19 those.

20 Lastly, it is my intention that we will have periodic town halls where my claims  
21 administrators and I can provide updates, just as we're doing tonight, on where we  
22 are, what we've been doing, what we've accomplished, what we're still working on,  
23 and have yet to accomplish. So, understand that there are--this is going to be a  
24 multifaceted process.

25 While we've got a very important job, obviously, with claims, my job, in addition to  
26 assisting in the overseeing of the claims, is to manage all of the other assets that the  
27 trust will be getting. As I believe the survivor community understands, we get cash,  
28 but we also get litigation claims, we get some artwork, we get some real estate, we  
29 get some oil and gas properties, and all of those hard assets that aren't cash will  
30 have to be converted into cash.

31 Part of my job will be to hire the right people to work with me to market those  
32 assets and to try and liquidate them to build up even more cash reserves within the  
33 trust that we'll then use to distribute to claimants when we are able to begin the  
34 distribution process itself. So, it'll stop being the job of the TCC and the coalition,  
35 per se, to keep the survivor community informed, but it will become my job, and  
36 that's something that will be really important to me, is to keep the community  
37 involved and informed about what we're doing.

1 **PACHULSKI:** Great.

2 **KENNEDY:** Well, thank you so much. Yeah, John, go ahead--

3 **HUMPHREY:** Yeah.

4 **KENNEDY:** --but Judge Houser, thank you.

5 **HUMPHREY:** Yeah.

6 **HOUSER:** My pleasure.

7 **HUMPHREY:** What a great Town Hall. Special thanks to Richard Pachulski, David  
8 Moulton, for all the work that your teams have been doing, and a special thank you  
9 to Judge Barbara Houser. I think I speak for Doug, the committee, the members of  
10 the coalition, when we say you will be in good hands. You've got a real pro there,  
11 high degree of integrity, and a whole lot of experience, and the knowledge of how  
12 to bring people together.

13 So, with that, folks, I think we're going to wrap it up. Remember,  
14 [www.TCCBSA.com](http://www.TCCBSA.com), and [ScoutingAbuseSurvivors.com](http://ScoutingAbuseSurvivors.com). If you have questions,  
15 these two email addresses below, [TCCQuestions@pscjlw.com](mailto:TCCQuestions@pscjlw.com), and  
16 [BSACoalition@BrownRudnick.com](mailto:BSACoalition@BrownRudnick.com).

17 So, as we close, hang in there, take care of each other, take care of your family, and  
18 with all Godspeed, we will be onto the next phase of this process. So, thanks to all  
19 the (inaudible)--

20 **KENNEDY:** Yeah, stay strong.

21 **HUMPHREY:** --and good night.

22 **KENNEDY:** Stay strong, everybody.

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2 I hereby certify that the foregoing is a true and correct transcription of the audiotape labeled  
3 GMT20230405-000142\_Recording\_1920x1040.

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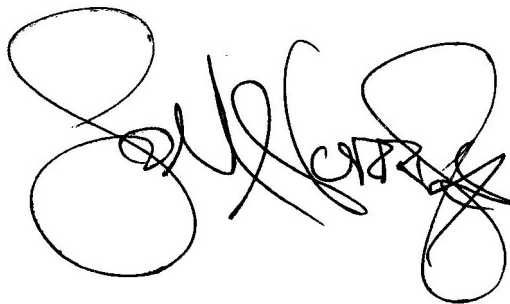
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