

# CERTIFIED TRANSCRIPT

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**BOY SCOUTS OF AMERICA  
OFFICIAL TORT CLAIMANTS COMMITTEE TOWN HALL  
OCTOBER 21, 2021**

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1 **HUMPHREY:** Good evening, everybody. We are going to wait until 7:05. We've got a  
2 lot of people that are cranking in right now. So give us a few minutes, and we will start shortly.  
3 Thank you. Hey, folks, thanks for joining. We still have a lot of people that are coming on. And  
4 the Q&A is open, so if you want to get a head start on asking some questions, we will certainly  
5 take some of the easier ones to address. But we'll be getting--going in earnest about 7:05 Central,  
6 8:05 Eastern. All right. We're getting close to 7:05. Looks like we got a couple of minutes.  
7 We've got a whole lot more people joining than we've had before, so I'm gonna give it just a  
8 couple more minutes. All right, folks, it's about 7:05. I think we're gonna go ahead and get  
9 started. We've still got people joining, but it's a record number, so I'm assuming we're getting  
10 there. A lot of questions already coming in.

11 So thanks for joining us. My name is John Humphrey. I am the chairman of the Tort Claimants  
12 Committee, the official fiduciary of this process. Been working at it now for almost 20 months.  
13 So yeah, I'd like to introduce Doug Kennedy, my partner in crime. He is our vice chairman. And  
14 then also John Lucas and Jim Stang, with Pachulski Stang Ziehl and Jones, our professional  
15 counsel.

16 A lot to cover tonight. We're gonna focus--there's a lot of questions on TDPs, and how much do  
17 I get paid, and how do you think through that process, and so we're gonna definitely cover that.  
18 We are hosting these every Thursday night at 8:00 p.m. Eastern Standard Time. We--there was a  
19 question in there of how long does it take to respond to questions. I'll be honest with you.  
20 Sometimes we miss them. And we try to take and download all of the questions from the--from  
21 each Town Hall. If you are sending it to the bsasurvivors@pszjlaw.com, I know Steve Golden,  
22 who you see up on the top of the screen, he's exclusively looking at all those emails. So if it  
23 doesn't get answered, be patient with us. Send it to the bsasurvivors email.

24 So Doug, before we get kicked off, you wanna say a few words?

25 **KENNEDY:** Yeah, I just want to welcome everyone tonight. If you're a first time to our Town  
26 Hall meetings, we'll be doing these every Thursday, as John mentioned. If you're returning,

1 thanks for being here. It's so critically important. The TCC is really dedicated to you having the  
2 best information possible. John mentioned we're going to be talking about the TDP tonight, also  
3 voting. We're gonna talk a little bit about our website. We are so proud of our staff answering  
4 questions. Last week we answered around 200 questions, I think, over 200 questions in the hour.  
5 It's critically important that this Town Hall does that for you.

6 And as well I should just mention that we're gonna be covering a lot tonight. This video will be  
7 downloaded, and a link will be posted on the website. So if we go too fast, or you can't keep up,  
8 or it doesn't make complete sense, please just check back on the website in a day or two, and  
9 you'll be able to see the video.

10 **HUMPHREY:** Yeah, thanks, Doug. And, you know, what I would tell you guys, you  
11 know, maybe trust but verify on everything you read, everything you hear in the news. There's a  
12 lot of nonsense flying around. You know, I heard a comment by an attorney that the TCC had  
13 made \$32 million. And, you know, just so you know, the volunteers on the Tort Claimants  
14 Committee, we don't get a dime, not a nickel. You know, we're in line just like you guys are to  
15 get something under a plan, and the reason we're voting against this plan is that we don't think it  
16 adequately compensates survivors.

17 And there's a lot of room left, I think, in the Q&A. I've already got some questions that are  
18 teeing that up, so we're gonna save some of that for later. We're gonna talk--Doug's gonna talk a  
19 little bit about youth protection. And we're gonna cover, you know, mostly what the plan looks  
20 like, and then we're gonna delve into some questions you had around BSA liquidation. You  
21 know, there's this misunderstanding that by voting the plan down we're gonna add lots of time  
22 and litigation, and it's actually the opposite that's true. You know, the BSA, they painted  
23 themselves into the corner when they did that deal with Hartford. We think that the insurance  
24 companies, including Hartford, can pay a lot more. So we're gonna get into those details later on.  
25 With that, I'm gonna turn it over to Jim and John to cover the Trust Distribution Procedures,  
26 payment. We might throw in a little color commentary, but gentlemen--

1 **LUCAS:** Hey--

2 **HUMPHREY:** --it's yours.

3 **LUCAS:** Hey, one thing there before we get into the Trust Distribution Procedures. A lot of  
4 people have been asking, "I haven't got my ballot yet." And they are coming. They could be  
5 tomorrow. Some people got them yesterday. And so, you know, the ballots are being mailed all  
6 over the country, and so the mail systems work a little bit differently. And, you know, I mean,  
7 there are people that are overseas even, and it'll probably take a little bit longer.  
8 Some of your ballots are being distributed to you through your lawyers in an electronic way too,  
9 and so that could be some of the delay. But we have until--we have a lot of time yet right now.  
10 And so it's important to get informed today and tomorrow, and if you don't have your ballot or  
11 the other information, please email us. And we will help get you the information and get a ballot  
12 in your hands, or connect you with your attorney, so that we could--you could make an informed  
13 decision and vote. Sorry about that. That was just--

14 **HUMPHREY:** No, that's--

15 **LUCAS:** --a big, big, big question.

16 **HUMPHREY:** And I would think by now you'll have heard from your attorneys, so--I've  
17 heard from mine. I got a really long email that said, "This is what we're doing. This is when  
18 we're gonna get it. This is how we're gonna distribute it to you." Very detailed. So if you're not  
19 getting that, you should call your attorney and ask.

20 **STANG:** And John, I would just add--and good evening, folks, Jim Stang. We're gonna give  
21 you website information towards the end of the program. If you want to get a jumpstart on  
22 reviewing the material, even though the ballot may not be in hand yet, or you may not have the  
23 book yet from your lawyer, you can go to the website and get an early start on your good snooze.  
24 No, I--you'll--the materials are available, and we'll give you the links on how to read--how to get  
25 to them if you want to get a head start.

26 **HUMPHREY:** Okay, gents, you're up.

1 **STANG:** John, you gonna take this?

2 **LUCAS:** Yeah.

3 **STANG:** Okay.

4 **LUCAS:** So everybody asks, and it's a great question, what are the Trust Distribution  
5 Procedures? And in essence, the answer to that question is they're the rules or the procedures  
6 that the trustee will use to evaluate your claim in a sq--and come up with a value of how much  
7 your claim is worth, and ultimately how much you should get paid. And so the Trust Distribution  
8 Procedures, we will tell you at the bottom of this slide here about how to find them and where  
9 they are, but it is Exhibit A to the plan, and it's a document that is fairly complex that sets forth  
10 the various rules that the trustee will use to evaluate your claim.

11 The settlement trustee will hire attorneys and other professionals to review the survivor claims,  
12 and we will sort of go through below here with an example of how that might be done in sort of  
13 very simplified terms. And so let's move on to the next slide.

14 So once you look at the TDP, and you get to page 13, there's something there that we call a  
15 matrix. And the matrix will set values for different types of claims, and each type of claim will  
16 be given a base value. And so here on the page you'll see that a penetration claim has a base  
17 value of \$600,000, a masturbation claim of \$450,000, and a masturbation claim by a youth for  
18 \$300,000. And then each type of claim or category of claim has a different base value. And so  
19 once you have your claim there, the amount of the base claim, the trustee will use what are called  
20 scaling factors to increase the value of the claim or decrease the value of the claim.

21 And so there are a number of different scaling factors that can be used to increase the claim. So  
22 for example, let's assume that somebody was abused just once, or somebody was abused 50  
23 times, or somebody was abused in the--in addition to being multiple times, they were  
24 photographed or filmed, or there were threats made to the survivor's--to the survivor himself,  
25 like, "Don't tell anybody. I'm going to," you know, "hurt you or hurt somebody in your family."  
26 Or the survivor was abused by multiple people. In that situation the trustee can use a multiplier,

1 and take the base claim and multiply it by a multiplier up to one and a half times.

2 In addition, there are other factors. If the abuser is accused by multiple other survivors, that can  
3 increase the value of the claim. And if the claim--and also, if the survivor's mental health,  
4 physical health, had problems with interpersonal relationships, the ability to maintain a job or to  
5 get an education, or actually ended up maybe incarcerated or in jail, all those things can be used  
6 to make the claim bigger.

7 But at the same time, there are other factors that can make the claim smaller, and the trustee can  
8 assign basically a multiplier between zero and one to make the claim smaller. So it will go  
9 through the first part, identifying different aspects of the claim and using those multipliers, and  
10 then it will go through the mitigating part to make the claim smaller. And so in that instance the  
11 abuser, you know, the abuser might have been related to the survivor. You know, maybe it was  
12 the abuser's father. Maybe it was the abuser's uncle or some other relative, and maybe because  
13 of that there was really sort of a different relationship than being a scout that maybe led to the  
14 abuse.

15 The abuse might have occurred outside of scouting. You know, perhaps the chartered  
16 organization was a church, and the survivor was a choirboy or something like that. And maybe it  
17 didn't--but the church was also, you know, a scout leader, and so it's hard maybe to distinguish  
18 between, you know, did it happen under the church's umbrella or did it happen under the  
19 scouting umbrella?

20 And then also, and sort of one of the big ones that we talked about this last week, is that the  
21 statute of limitations is another scaling factor that can reduce the claim. So we'll go through here  
22 an example. Let's go to the next page.

23 So let's assume that it's a masturbation claim, and the base claim is \$300,000. And so let's say  
24 that the duration of the claim, you know, let's say that it happened, you know, a number of times  
25 for many months or even years. The trustee might say that he or she wants to multiply the claim  
26 by 1.2. And let's say that this same abuser accu--was accused by other survivors also, and that

1 increases the claim by 1.25. And so when you multiply \$300,000 times 1.2, and then you get that  
2 number and you multiply it by 1.25, you get \$450,000.

3 Let's assume that the claim or the abuse happened in Michigan. In the state of Michigan the--and  
4 let's assume that the claim is out of statute. There's a range that the trustee can select to mitigate  
5 the claim anywhere between 10% and 25% of the value of the whole there. And so let's assume  
6 that the trustee decided that it was worth 25%. And so the \$450,000 claim would be reduced  
7 because of the statute of limitations to \$112,500. This is the final claim amount. So this is the  
8 face amount of the claim that you have, and this is basically the award that you have. But this  
9 isn't necessarily what you receive, because what you receive will depend upon how much money  
10 is in the trust. And so let's go to the next page.

11 **HUMPHREY:** And before you comment on the next page, John--

12 **LUCAS:** Yeah.

13 **HUMPHREY:** --I would just say that at the current amount that the coalition is talking  
14 about, you're not gonna get anything close to that amount. And that's the problem, that--

15 **LUCAS:** Yeah.

16 **HUMPHREY:** --this process is a little disingenuous.

17 **LUCAS:** Yeah, and to that point, you know, with the current funding of the trust there's, you  
18 know, and if everybody's going to receive something, which is the, you know, what we all want,  
19 then, you know, we estimate that there's enough money to pay about 10% of that \$112,500. And,  
20 you know, even if you doubled it, and that's what, you know, the coalition says that they're  
21 aiming to do is to double it, maybe it's 20%, but it's probably less. But it's not that final amount  
22 that you see there. So let's go to the next page, and I'll better explain.

23 **STANG:** John? John, let's just hold--

24 **LUCAS:** Yeah.

25 **STANG:** --on for a second. I wanted--there's a reason we put the word amount in caps in the  
26 title. This is the amount of your claim. This is not the amount of the check you may receive.

1 **LUCAS:** Yeah, it's not your payment.

2 **STANG:** It's not your payment. It is the value. And while it is tragic that people may talk  
3 about cents on the dollar or a percentage, it was important because of the way the plan is  
4 structured to come up with a value for your claim. But if anyone tells this person that they are  
5 going to get \$112,500, that is a big lie. That's not under the scenario depicted under the  
6 reorganization plan. And as--in the aspirations of the coalition, this number will not be filled in  
7 on the check. It's just not going to happen.

8 **LUCAS:** Yeah, and to emphasize what Jim said, and, you know, Jim used the words, "It's the  
9 big lie." If somebody does get a claim at \$112,500, what that means is there will be that many  
10 other people who get that much less or nothing at all. So let's go to the next slide, which we sort  
11 of talked about already, but we'll get into it in just a little bit more--

12 **STANG:** Let's do it again.

13 **LUCAS:** --detail. Yeah, so--I'm sorry. So there is one other way that you could value your  
14 claim. You don't have to go through the TDP, but the choice isn't entirely up to you. So instead  
15 of having the settlement trustee value the claim, and using the matrix and the scaling factors that  
16 we just went through, you could look at pages 23 to 26 of the TDP, and you can have--go into  
17 the tort system. And that means file your claim in the court, sue the defendants that you could  
18 sue, and have a court determine the amount of your claim. I mean, you might win. You might  
19 win big. You might lose. But there is that ability to go out there.

20 And so you have to remember that any judgment that you get under this path has to be shared  
21 with the trust on a 50/50 basis. That's half goes to you, and half goes to the trust. And then the  
22 balance of any payment that you might be owed so--will be capped at the TDP matrix amount for  
23 the maximum amount of the type of claim that you have.

24 And then so this is the import--one of the other very, very important parts here is that if you want  
25 to take your claim and put it into the tort system, you have to give the trustee a notice, and the  
26 trustee and the settlement trust advisory committee has to agree. It is--

1 **KENNEDY:** And John--and John, that's an important point. People have to understand that  
2 they don't get to just opt out of any of this.

3 **LUCAS:** No. You are in the system. And if you want to get out of the system, it's up to the  
4 trustee and the settlement advisory committee to let you out.

5 **STANG:** John, I want to say something more about this.

6 **LUCAS:** Mm hmm.

7 **STANG:** I have been representing abuse survivors in bankruptcy cases since 2004. For those  
8 of you who are new, I'll just recite again, 15, 16 committees in Catholic Church cases that  
9 dioceses and religious orders have filed Chapter 11. USA Gymnastics, we represent the women  
10 there. Harvey Weinstein's company. And, you know, often people think of this as kind of a class  
11 action, and it has elements that resemble a class action. But when people who get those little  
12 postcards that tell you that you've won 32 cents because you were a consumer of some service,  
13 people say, they go, "Well, you can opt out." We get those questions all the time, "Can I opt out  
14 of the settlement?" That's not what bankruptcy is about.

15 And people react going, "Well, I've lost control." And what I've learned from representing  
16 survivors is that being in control is really, really important, because you didn't have control  
17 when that bastard hurt you when you were eight or nine or 11 years old.

18 And so what this process does in the BSA plan that is sponsored by the coalition is to take your  
19 control away. You have to get the votes of a trust advisory committee, which will be controlled  
20 under the BSA plan by coalition lawyers, and the approval of a trustee, to get any opportunity to  
21 sue in state court. If those people say no, you are forced, you are compelled to have your claim  
22 valued by the trustee. You don't have the choice. So this we--lawyers sometimes refer to this as a  
23 gating situation. You have to get through the gate. And you don't get to say, "I'm walking  
24 through." You get to say, "May I?" And that is a fundamental problem with the BSA plan that is  
25 supported by the coalition. John, you can go on.

26 **LUCAS:** Yeah, let's go to the next page, Debra. So as we said, you know, once the value of

1 your claim is established by the trustee, survivors will only be paid the full amount of that face  
2 amount of the claim if the trust is fully funded. And so as we said before, you know, under the  
3 current terms of the plan the TCC does not see that the trust will be fully funded. At most it  
4 might have twice as much money than it's slated to have in it now. But as things stand now, you  
5 know, and, you know, an adjusted base value claim might receive as much as maybe 10% of that  
6 face amount. And so if you look in the disclosure statement at the pages of 41 and 42 of the PDF,  
7 or pages 37 and 38 of the disclosure statement, we have a chart that the TCC put in the disclosure  
8 statement that describes our view of what creditors will receive under the current terms of the  
9 plan.

10 The coalition disagrees with BSA's estimate of the claims, and so, you know, this is really,  
11 really, really important. Because, you know, you could be awarded some claim for \$1.7 million,  
12 but you're only going to see a very, very, very small fraction of that. And so in the end that--even  
13 if you believe that the coalition, as they said at the disclosure statement hearing, that they're  
14 gonna double the settlement payments, and if you use the future claim representative value  
15 instead of the TCC value, it will only result in about a 14% recovery of your claim.

16 So in the example from the prior two pages, in the end you're only going to get about just a little  
17 less than \$16,000. So let's go to the next page. I think this is the last slide.

18 So where do I find the Trust Distribution Procedures? Go to our website [www.tccbsa.com](http://www.tccbsa.com), and  
19 there's a link to the TDP. The TDP is also Exhibit A to the plan, and the plan is docket number  
20 6443. The plan and disclosure statement are on our website, and you could also go to Omni's  
21 website, and all that information is there.

22 And so we just want everybody to remember that the TDP isn't final. It might be subject to  
23 change, and it can--and the TDP will only be approved if the plan is approved. And so, you  
24 know, this is the part of the process that we're objecting to and trying to change through legal  
25 argument, but importantly, through every one of your votes.

26 **HUMPHREY:** Yeah, I think there's some lack of understanding. And I've heard a lot of

1 people say, “Gosh, if we don’t vote this thing, it’s gonna just get litigated forever.” And so we’ve  
2 got a number of questions here, Jim, and, you know, the first one is about just that. What  
3 happens if the plan is voted down? Are we gonna be in litigation for a year or two? And you  
4 might contrast that with, well, what if the plan is voted and passed, and why might that lead to a  
5 little bit more litigation?

6 **STANG:** So I used the term earlier “the big lie.” I’m gonna call this big lie number one. The  
7 big lie is if you vote the plan down, we will be enmeshed in five to 10 years of litigation. Well,  
8 based on the insurance company objections to this plan, that’s probably the scenario one’s  
9 looking at right now. Because this plan does not go effective while there are appeals pending.  
10 And lawyers can debate whether that’s absolutely true or not, but none of the insurance  
11 companies that have reached settlements are gonna put in all of their money, all of their money,  
12 unless there is a court order that blesses this deal that is not pending appeal.  
13 Now, I’ve been accused of not telling you the whole story. Hartford will put in some of its  
14 money, even if there’s an appeal pending, but it won’t put in all of its money. So as we go  
15 through settlements, and really Hartford is the only insurance company settlement there is right  
16 now under the BSA coalition plan, just remember that it is not a globally consensual plan. And if  
17 there are appeals, that trust will be even more under funded.  
18 So if the plan is voted down, what happens? Well, the earth doesn’t stop spinning. I know it  
19 doesn’t look like it, but as John corrected me last week, I’ve been doing this for 40 years, and  
20 doing sex abuse representation since 2004. In the Archdiocese of Minneapolis St. Paul case the  
21 diocese plan was voted down. The survivor plan was voted--was not approved either. There were  
22 what we call competing plans. The Archdiocese of St. Paul Minneapolis did not file a Chapter 7.  
23 It did not dismiss its bankruptcy case. It went back to the negotiating table with the creditors  
24 committee. And what a surprise. People got more money.  
25 In a case presently pending before Judge Silverstein, that’s our judge, it’s called Imerys. It’s an  
26 asbestos case involving Johnson & Johnson talcum powder. Last week, maybe 10 days ago,

1 Judge Silverstein threw out certain votes, and that plan, because of her action because of the mi--  
2 certain problems with the ballots that were cast, Judge Sil--the plan did not get approved. Imerys  
3 did not file a Chapter 7. Imerys did not dismiss its bankruptcy case. And everyone is expected to  
4 go back and negotiate, so that those no votes can become yes votes.

5 And so this notion that it's going to go to hell in a hand basket is just the big lie. It's not how the  
6 real world works. You all have negotiated for cars or for houses. And you know that even if you  
7 walk out, you get called back. And that's just what's going to happen in this case if survivors do  
8 not support this plan.

9 **KENNEDY:** So Jim, I've got a follow-up question that we hear along the same lines, and that  
10 is, "What about this \$600 million that the local councils are going to be contributing?" Some  
11 people say that sounds like a good deal. Members of the TCC have seen otherwise why it isn't,  
12 but do you want to address that?

13 **STANG:** Sure. First of all, it's not \$600 million. Let's be really clear about that. It is \$500  
14 million and a promissory note. And that promissory note is--the amount that's paid under that  
15 promissory note, \$100 million, depends on how a pension plan performs. The local councils  
16 were subjected to intense scrutiny by the TCC. We have evaluated every single local council,  
17 from public sources of information and information that was provided to us through the  
18 bankruptcy. We have appraised over 500 camps and real estate holdings. The BSA has also  
19 appraised additional properties, and these values are in the disclosure statement.

20 In our opinion, allowing local councils to keep enough money to continue the scouting mission,  
21 they can pay three times that amount. So as I said to y'all before, you can say yes and get a deal  
22 if you accept the other side's low number. It is not--it does not represent a real effort by the local  
23 councils to fairly compensate survivors. And if you look in the disclosure statement, and John, I  
24 think it's Exhibit G, there is a chart that shows, based on our estimations, how much these local  
25 councils are really paying as against their liability as we calculated under the TDP matrix.

26 **HUMPHREY:** Yeah.

1 **STANG:** And it is pathetic, folks. It is pathetic. It is--it's, frankly, unspeakable.

2 **LUCAS:** Hey, I want to add one thing on what Jim is saying, and I'm quoting Doug Kennedy  
3 here. And this sort of just--this is why it's just so unbelievable. That the local councils are the  
4 ones that issued the charters to the sponsors. The local councils are on the front lines of abuse.  
5 The local councils are subject to billions of dollars in childhood sex liability, and they're here,  
6 not even filing their own bankruptcy case. And some of them are just providing or contributing  
7 thousands of dollars, some of them a couple of a million dollars, in light of the billions of dollars  
8 of liability that they have hanging over their head. It's unconscionable.

9 **STANG:** Well, and when John says they're not even filing their own bankruptcy, we are not  
10 advocating that local councils file bankruptcies. But that transpar--you know, the BSA, by filing  
11 the bankruptcy, as difficult as it has been at times regarding disclosure of information, has had to  
12 put its financial picture in front of everyone and have it scrutinized and have it evaluated. The  
13 local councils have not paid that price, yet they want exactly the same forgiveness that BSA can  
14 get if the court confirms its plan. And that's really what John's saying when he said they haven't  
15 filed their own bankruptcy. We don't think they will. But--

16 **HUMPHREY:** Yeah, we've been calling them--

17 **STANG:** --the transparency--

18 **HUMPHREY:** --the get out of jail--

19 **STANG:** --is not there.

20 **HUMPHREY:** --the get out of jail free card between the sponsoring organizations and the  
21 local councils. So you guys should just be enraged that it's a pittance. And we've looked at the--  
22 we've looked at their numbers. We know they have enough cash to pay substantially more and  
23 still operate the camps and the business.

24 **KENNEDY:** And Jim or John, do you want to talk at all about this sort of threat that we hear all  
25 the time, the Boy Scouts are running out of money, and it's their mel--they're at the melting ice  
26 cube and all that?

1 **STANG:** Big lie number two and three. It ties into this business about BSA's gonna go into  
2 liquidation. Well, let's be really clear about what can happen and what can't happen. What can't  
3 happen is that the court can force BSA into a liquidation proceeding, which is also known as a  
4 Chapter 7. It cannot do that. It does not have the power to do that.  
5 BSA, if the plan is voted down, has three choices. It can ask the court for permission to dismiss  
6 the case. I don't think it's gonna do that. It has spent a lot of money trying to get its issues  
7 resolved through a bankruptcy proceeding, and dismissing the case means all of that was for  
8 naught, and it goes back to as if we were--if one could turn time back. It's as if they had never  
9 filed bankruptcy at all.  
10 Second, they could put themselves into a Chapter 7. What does that look like? Do you think--I  
11 used to be a bankruptcy trustee. I was for several years. Do you think they're gonna give me, as a  
12 trustee, the Philmont Campground to administer? Do you think they're gonna file a Chapter 7  
13 case and give me Northern Tier to administer, or the Westfo--the Summit Property? Of course  
14 they're not going to do that. Do you think they're going to give me, as a trustee, hundreds of  
15 millions of dollars in what they call restricted cash and investments? Which they're telling  
16 creditors they can't touch. Are they gonna give that to a trustee to fight over? No, of course  
17 they're not going to do that.  
18 What they're going to do is take a deep breath, probably mutter a few things about the people  
19 who voted no on the plan, and march themselves back into a mediation room where they're  
20 gonna take survivor concerns seriously. And right behind them, walking like little ducks, will be  
21 the local councils, and behind them will be the chartered organizations. And pushing to the front  
22 of the line will be the insurance companies, who want out of this. But so long as they're talking  
23 to someone who will take low dollars, they're happy as clams. But that's what's gonna happen.  
24 So is BSA running out of money? No. The cash that BSA has promised to the trust does get  
25 reduced over time. That is true. But BSA has not surrendered all of its cash to the trust. It is  
26 sitting on millions and millions and millions of dollars of what they call restricted money,

1 restricted to support the mission of scouting. So this notion that they're going to be forced into a  
2 liquidation because this case is going on is big lie number either two or three. I've lost count,  
3 frankly.

4 **LUCAS:** Yeah, and remember, they have millions and millions of dollars of cash and other  
5 property that was good enough to provide the platform for scouting, which led to your abuse, but  
6 that same money is not good enough to pay the claims that you're owed.

7 **KENNEDY:** And thank you, John, for saying that.

8 **HUMPHREY:** And one last thing on this, and I'll let you ask the next question, Doug.  
9 You know, the membership of the BSA, despite the Mormon Church leaving years ago, has been  
10 in a secular decline for 30 years. And the apex of scouting, when we had all those camps, and all  
11 the activities to support two or three million scouts, we're down to what number, Doug, a  
12 million?

13 **KENNEDY:** Less than.

14 **HUMPHREY:** Eight hundred thousand?

15 **STANG:** It's at 750,000 or less.

16 **HUMPHREY:** Seven hundred and fifty thousand, so the--so if, you know, if I'm a  
17 restructuring guy, I look at the assets that they no longer need to fulfill their mission, and I  
18 liquidate those assets. And so these guys are a long way from running out of a balance sheet to  
19 live to fight another day.

20 **STANG:** Doug, can I volunteer one more, and I won't call it the big lie, but can we talk about  
21 the Hartford settlement for a moment?

22 **HUMPHREY:** No, that was gonna--

23 **KENNEDY:** Well, that was--

24 **HUMPHREY:** --be our next question.

25 **KENNEDY:** --gonna be my next question. And one comment I wanted to make was we heard  
26 from so many survivors over the last week about how they were scared after a Town Hall that

1 they attended from the coalition on Tuesday night. And I hope people are starting to appreciate  
2 that we really just want to get the facts out, and be very up front about what's going on. And we  
3 want every survivor to hear this from professionals that have been involved in bankruptcy for  
4 decades. And I'm hoping you're seeing the difference with that tonight. So Jim, yeah, please, can  
5 you talk about this historic amount from an insurer, which is getting thrown around, why that's  
6 such a big deal and so much money?

7 **STANG:** Well, it is historic. It's historically low. So let's just talk about insurance for a  
8 moment, and I'm gonna try to really stay--not the insurance wonk, 'cause obviously I'm not. I'm  
9 a bankruptcy wonk.

10 But we all have insurance, car insurance, property insurance, and there's this concept that  
11 insurance pays per accident. Lawyers sometimes call that per occurrence. So the Hartford  
12 policies, which go over a number of years, pay--I'm a little out of focus--pay \$500,000 per  
13 occurrence, or per accident. In the world of insurance, what happened to all of you is called an  
14 accident or it's an occurrence. You can't deal with that. That's what the insurance industry calls  
15 it. So for every claim you can get as much as \$500,000.

16 So BSA went out, in an effort to start some kind of momentum, and negotiated a deal with  
17 Hartford. And originally it was \$650 million with some provisions that could decrease it. Hold  
18 on. I'm gonna see if I can fix that. No. I'm gonna be fuzzy. Well, maybe a little better. And we  
19 said no. Remember, we're the party of no. We said no. Well, the coalition said no also. And the  
20 court and the BSA went running to the judge and said, "Judge, Judge, they're all saying no." We  
21 had said no before they signed the deal, but they didn't listen to us. "And let us out of it, because  
22 creditors aren't gonna support it, and our plan will go down like a sinking ship." And the judge  
23 said, "You know, you signed a deal." Well, I'm paraphrasing. "You signed a deal. You gotta put  
24 it in front of the creditors. And if you don't, you might, BSA, be responsible for some damages,  
25 because you made a promise that you'd at least present it."

26 And so Hartford went back. What a surprise, right? They went back and negotiated again, and

1 they negotiated a deal for--it really turns out to be about \$785 million. You'll hear the number  
2 787, but they get a rebate. It's really about 785. And the coalition has said, "Yeah, that's great."  
3 They got them up from 650 to 785. Congratulations. There are 24,000 claims, folks, in the  
4 Hartford years. Someone should do the math what that works out per person.

5 So how does that \$785 million compare to their exposure, to their risk, to the fact that if you  
6 have a claim worth as much as \$500,000, they have to pay that amount? And by the way, there's  
7 no cap on their liability. If there are 5,000 claims, they pay \$500,000 per person, assuming,  
8 again, the claim is worth that much. And if there are 10,000, same issue. There's no what we call  
9 aggregate limit or aggregate cap. This is a per accident/per occurrence limit.

10 So how does that 785 compare to their exposure? Well, not very well. If you take 1972 abuse  
11 claims, just that year, and John, how many years does Hartford have?

12 **LUCAS:** They're at--there are about, I mean, the--just the real great years are '72, '73, '74,  
13 part of '71. There are a whole number of years. But using--

14 **STANG:** Okay.

15 **LUCAS:** --'72 is just a great example. There are many other years.

16 **STANG:** Right. Tragic years, but great for insurance coverage. In just 1972, and just in  
17 claims that have no debate about the statute of limitations, and just penetration claims, okay, one  
18 year alone, no statute arguments, and penetration claims, their exposure is over \$800 million.  
19 They're paying 785 to get out of liability that spans many years, and one year alone for one  
20 category of abuse is \$800 million. So is that a historic settlement? Yeah, it's historic. It's  
21 historically embarrassing, because they have a lot more exposure. So that's why the Hartford  
22 settlement is unacceptable.

23 And if you use the Hartford settlement as a template for the other insurance companies, folks, it's  
24 just not gonna be fair and reasonable for what you've endured. It just isn't going to be.

25 **HUMPHREY:** So on that same theme, Jim, before we finish this set of questions, there  
26 was a question about the sponsoring organizations. I think we've referred to that as the get out of

1 jail free card. Could you explain that a little bit to people?

2 **STANG:** Sure. So if your lawyer is going to represent you in actual litigation, there are four  
3 people who are gonna get sued for your abuse. The Boy Scouts of Am--and I'm not talking--I'm  
4 talking about as defendants. The bankruptcy obviously limits your ability to actually sue people.  
5 You've got the BSA as a defendant, you have the local council as a defendant, you have the  
6 charter organization as a defendant, and of course you have the perpetrator.

7 So BSA has been struggling with what to do with the charter organizations, because the  
8 insurance companies want finality. They never want to hear the word Boy--the phrase, the title  
9 Boy Scouts of America. So they need to get a release and resolution with the Boy Scouts. The  
10 bankruptcy facilitates that. They want to get a release and finality with the local councils. That's  
11 the \$500 million settlement plus the promissory note. But they need to deal with the charter  
12 organizations, 'cause the charter organizations are part of that insurance program that the Boy  
13 Scouts had, and the charter organizations have their own insurance totally separate. I mean, this  
14 is a Kiwanis Club that has its own liability policy that doesn't have anything to do with the Boy  
15 Scouts insurance. They--people go in and out of their building. People slip, they fall. They have  
16 their own insurance.

17 So what is the settlement they're proposing? Well, they need to get the insurance, control over  
18 the insurance, 'cause they can't make insurance deals without control over the insurance, to say  
19 to the insurance companies, "You're done. You're finished. We took care of it for you." So  
20 they've offered the charter organizations this great deal: Give us your insurance policy coverage  
21 and you're done. So now they have the insurance policies in hand. They can deliver them to the  
22 insurance companies with a settlement, and the charter organizations pay zero. Zero. Zero. Zero.  
23 All they have to do is agree that their insurance can go over to the control of the settlement  
24 trustee and be done with it. And that is for claims from January 1, 1975 forward. That's the deal.  
25 Deliver your consent to us controlling your insurance coverage that was part of the BSA  
26 program, and you get out of jail free.

1 So for the claims that are before January 1, 1975, there's no deal. Now, someone might say,  
2 "Well, Jim, how do you expect them to chase all these charter organizations?" I mean, it's like  
3 herding cats doesn't even begin to describe the situation because there's so many of them. Well,  
4 apparently not that hard, 'cause guess who's paying a lot--guess who's paying money? The  
5 Church of Latter Day Saints, \$250 million. By the way, only for Mormon survivors. That was a  
6 requirement of the Church of Jesus Christ of Latter Day Saints.

7 And it just seemed to me, well, if you got money from them, why can't you get money from the  
8 others? Why were you in such a rush to give these people a free pass? I mean, my God, they're  
9 the ones that decided who your volunteer was gonna be, who your scout leader was gonna be.  
10 They're the ones who didn't watch the tent that night, or make sure that you weren't alone with  
11 that pervert. Now, there are others too who were responsible for that, but let's not forget how  
12 these folks were selected and who was responsible for selecting them.

13 So that's the get out of jail free card. Give us your insurance. You don't pay a dime, unless of  
14 course you're Church of Latter Day Saints, and you get to walk away.

15 **LUCAS:** Hey, John and Doug, I saw this question asked in the Q&A, and we als--Steve and I  
16 also got it sent to us a number of times this week. And so do you mind if I sort of--

17 **KENNEDY:** No, please do.

18 **LUCAS:** --set the table here on this next one? So when a company goes in Chapter 11, a  
19 committee is formed, like the Tort Claimants Committee, to be a counterbalance to the debtor.  
20 'Cause the debtor is going to say, "We don't want to pay anything," but there's this committee  
21 here that's here advocating for the interest of all the survivors to make sure that you're gonna get  
22 paid as much as possible.

23 And so the committee has nine members. John and Doug are the co-chairs of the committee, and  
24 they have seven other members that work every week on this. But what the committee gets to do,  
25 and this is no different than any other bankruptcy case, is that they get to hire professionals. They  
26 get to hire lawyers. And they hired Pachulski Stang as their bankruptcy council, and they hired

1 BRG as their financial advisor, and they have a few other professionals that are helping us advise  
2 the nine committee members. And I'm not going to mince any words or anything like that, but  
3 we get paid, and we get paid by the Boy Scouts. The Boy Scouts pay my firm's fees. And we  
4 have earned a lot of money in doing that, and we're not going to make any bones about that.  
5 But what we did, and on the first day that Doug and John decided to hire our firm, we told them  
6 that 10% of all the money that we're going to make, we're giving to the settlement trust. We're  
7 contributing the money that we're going--and it's going to the settlement trust. And so the  
8 coalition has made out that, oh, we've made so much money, and we have made a lot. We're  
9 making money here. There's no question about that. But we're the only ones that are trying to  
10 give something back. And you know what the coalition is doing? They're asking the bankruptcy  
11 court to have the Boy Scouts pay their bankruptcy professional fees of--which is estimated to be  
12 at least \$15 million. And I want everybody to understand what's going to happen if that's ever  
13 approved. That means that the BSA has that much less cash in the pot that it's already decided to  
14 contribute to put into the trust. And so--

15 **STANG:** And this is why--I'm sorry, John.

16 **LUCAS:** No, that's--I'm good.

17 **STANG:** Okay. I just wanted to add that that 10% we offered after we were hired, not before  
18 as an inducement to hire us. Yeah, I mean, the bankruptcy court is concerned about this issue of  
19 the payment of coalition fees. She has referred to the fact that the coalition representatives had  
20 said it's not coming out of survivors' pockets, but of course if it's coming out of the pot, it is.  
21 Perhaps indirectly. You won't see a deduct on your check for that, but it does lessen the amount.  
22 And she expressed concern about duplication of effort. You know, what has the coalition done  
23 that the TCC wasn't doing? And I think I can answer that question. They took lowball  
24 settlements. But I don't think that reward--that's a reward. I think that's a demerit.

25 **KENNEDY:** And let me also point out too that the TCC has a finance committee. It's led by a  
26 retired army officer, and every single bill from every single one of our professionals is reviewed.

1 And nobody's gonna tell that man and the other people that review those accounts that that  
2 money isn't earned and isn't reviewed. It is. And it is--we interviewed firms. We chose the firms  
3 we chose, and we think they're the best in the country.

4 **LUCAS:** Yeah, and the Boy Scouts are paying those bills.

5 **KENNEDY:** Exactly.

6 **STANG:** So John, what other--any other questions we--

7 **LUCAS:** Yeah, well--

8 **STANG:** --should address tonight?

9 **LUCAS:** --I wanna maybe say, and maybe this is sort of how we sort of try to segue into  
10 trying to wind this down. And remember everybody, we're doing this the same link, same time,  
11 next Thursday, and we're gonna do this again. But we have seen that people have a bunch of  
12 voting questions. What do I do about the opt out?

13 You know, real quickly on the opt out, the opt out is voluntary. It has nothing to do, whether you  
14 opt out or you don't opt out, it's not going to change anything on the way that this plan is dealt  
15 with. If you don't know if you have other claims against the Boy Scouts and its directors and  
16 officers, then opt out. I mean, in all cases you should talk to a lawyer, if you have one, but opt  
17 out. It isn't going to change anything. If you don't know, opt out on that.

18 On the \$3500, people have been asking questions about the \$3500. If you want to just be done,  
19 and you have the minimum level of a claim, check the box for the \$3500. You're open to do that.  
20 That's up to you. You're only going to get it if the plan is approved. And you could vote to  
21 accept or reject the plan. You're not leaded to one thing or the other.

22 And then obviously the two other most important things on the ballot is to either--we recommend  
23 rejecting the plan, or you can accept the plan obviously too. And at the end of the ballot, or sort  
24 of, like, I think it's on page, like, 10 or something like that, your name, your address, your  
25 signature, the date you did all this stuff. Fill out all the details. And we are going to talk next  
26 week again about the ballot, because we know that people have more--you'll have the ballot in

1 your hand next week, if you don't have it now. We'll talk next week about the ballot, and we'll  
2 talk about where do I mail it, and if I'm not gonna mail it, how can I upload it through the  
3 Internet to Omni? And we'll talk about both of those things, and I think we'll even have a little  
4 bit of video that we can put up on the website for everybody to see. And I'll turn it back over to  
5 John and Doug, and maybe they could talk a little bit about the website some more.

6 **HUMPHREY:** Yeah, so we're gonna try to put a wrap on here. Doug, I'm gonna ask if  
7 you'll sort of finish us up. I know that you had some comments around youth protection and  
8 where some of the language in the current--

9 **KENNEDY:** Yeah.

10 **HUMPHREY:** --plan came from. And then--

11 **KENNEDY:** Yeah, John, I'm gonna make that a little bit of a coming attraction. First, I want to  
12 thank the folks tonight, our attorneys that were behind the scenes. They've answered over 200  
13 questions tonight. And we know that there are questions that we didn't get to. We're gonna be  
14 talking about these. We debrief immediately after these meetings. They're gonna help to form  
15 some of what we talk about next week as well.

16 I want to give you a little bit of a coming attraction for next week. In the last couple weeks I've  
17 answered about 100 emails from survivors, and every member--and I've passed those on to the  
18 members of the TCC. Every one of us has been touched by how many people said, "This of  
19 course is about the money, and trying to make what happened to me make it a little bit more  
20 right. But I don't want the abuse to ever happen again. I want a plan that's gonna make me feel  
21 somewhat secure or comfortable in the notion that this abuse will stop." And the TCC have been  
22 leaders in that, and next week I'm gonna start the meeting by talking about how we've been  
23 leaders in that. And there would be parts of this current plan that wouldn't be the case if we  
24 hadn't written them. But more importantly, I'm gonna talk about the parts of what we wanted to  
25 have happen that were taken out by the Boy Scouts and taken out by the coalition.

26 In the last week we've had headlines about how one person is going to be now--one survivor is

1 gonna sit on the Boy Scouts board. And much like the settlement being just insulting and not  
2 enough, I think that speaks a lot, everyone. That's one survivor on a board of 40 in a closed  
3 room. The TCC would never accept anything like that. So I'm gonna talk about that next week.  
4 And I just wanna close by saying everythi--something to everyone. About 24 hours ago I  
5 received an email from a survivor, and he's listening tonight. And last night I found out from  
6 him that he was abused by the same person who abused me. And I want everyone to know out  
7 there, him and everyone else, that the nine of us are never gonna scare you. We're never gonna  
8 mislead you. We're never gonna tell you anything but the truth, and we're gonna fight for you.  
9 And I want to thank everyone that emailed us this week to say they're too smart to be scared off  
10 by a bunch of attorneys that just want a payday quickly.

11 **HUMPHREY:** Amen.

12 **KENNEDY:** We're gonna do better. We're not the party of no. We're the party of better, and  
13 we're gonna fight for all of you guys and girls.

14 **HUMPHREY:** Yeah.

15 **KENNEDY:** So thanks so much for staying informed, and I hope you'll join us again next  
16 week.

17 **HUMPHREY:** Thanks, Doug. Hey, Deb, before we close, can you put up the new--the  
18 TCCBSA website? Just so you guys know that we've revamped it. There's a lot of information  
19 there. And now I'm just doing the tap dance waiting for Deb to put it up.

20 **LUCAS:** But really, it's great.

21 **KENNEDY:** There it is. There it is.

22 **HUMPHREY:** Yeah, so we really tried to streamline it. You can request a ballot from  
23 here. There's instructions on how to vote. There is our letter for rejecting the plan. There's  
24 scaling factors that you--I've answered several questions on scaling factors. If you go down there  
25 you'll see the Zoom link, links to Trust Distribution Procedures, all of the historical Town Halls,  
26 press releases, links to the actual plan itself. So we hope that you will take that link and distribute

1 it to others. We think it's, you know, the information that you need is out there, and we think it's  
2 in a much easier way to consume. So with that, it's 8:00, and I'm gonna say thank you all for  
3 your time. Appreciate you, Doug. Man, you got a heart of gold.

4 **KENNEDY:** Yeah, thanks to everybody.

5 **HUMPHREY:** But you guys need to--

6 **KENNEDY:** Thank you, John.

7 **HUMPHREY:** --know we are fighting the good fight, and we will not be intimidated.  
8 Thanks, everybody.

9 **STANG:** Good night.

10 **HUMPHREY:** Have a good evening.

11 **LUCAS:** Good night.

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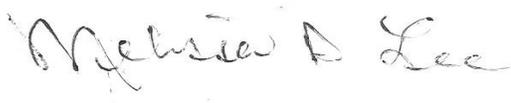
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