

CERTIFIED TRANSCRIPT

**BOY SCOUTS OF AMERICA
OFFICIAL TORT CLAIMANTS COMMITTEE TOWN HALL
JANUARY 14, 2021**

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Court Reporting • Video

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1 **HUMPHREY:** Good evening and welcome to the Tort Claimants Committee official
2 town hall. We're really excited that you guys have joined us. My name is John Humphrey, and
3 I'm a survivor. While I live in Texas today, I grew up in northern New Jersey. I was a part of
4 Troop 64, local council Patriot Path. My abuser was Ted Alton, and I was abused on a very
5 regular basis between my fifth and sixth years in school.
6 Alton had unfettered access to a number of boys. He abused well over a hundred. And so it had a
7 profound impact on my life. I probably ignored it and denied it most of my life. A while back, I
8 got elected to be on the court claimant committee by the U.S. Bankruptcy Court, one of nine
9 men, and they elected me chairman of the group. And so it's a real honor to serve you in that
10 capacity.
11 [Inaudible] it's gonna be a fun night. We're gonna spend about an hour getting to know you and
12 giving you all the information we have. Please know that we take this very seriously, but as
13 many of you know, we often use humor to protect ourselves from some of the really awful things
14 that have happened to us.
15 The reason I tell you my story is that I know many of you are hurting, and this little demon is on
16 your shoulder. But I want you to know that the Tort Claimant Committee gets it. The
17 professionals whom you will meet tonight get it. It's just a real honor to serve you guys. It's
18 gonna become painfully obvious--probably already has--that we're not professional actors. But
19 for what we do, we've got an amazing team, a really amazing team of both professionals and
20 members of the TCC.
21 So, why are we here tonight? We've been working actively for some time, and we think it's a
22 good time for us to let you meet the TCC and meet some of our professionals, and get an
23 overview of bankruptcy and insurance and local council assets, and where we are in the process.
24 And then we're gonna do a Q&A session from some questions that we've gathered at the end.

1 This is purely informational, folks. This is not legal advice. It's the first in a series of events that
2 we're going to be doing, and we think that we can get it done in an hour. And tonight I'd like to
3 introduce the folks that are gonna be with us, if you'll turn your video on.

4 Doug Kennedy--Doug Kennedy is the vice chairman of the Tort Claimant Committee. Mr. Jim
5 Stang--Jim is our lead council, who's having some video challenges right now. Kirk Pasich--Kirk
6 is our insurance coverage attorney. And Matt Babcock, our forensic accountant.

7 At the end of the discussion tonight you'll see a page come up where we'll have an email address
8 and a location where we're gonna put a recording of this video, in case you missed some or part
9 of it. I'm honored to serve with a great group of men. I'm particularly grateful to have a guy like
10 Doug Kennedy as my right hand. I tell you, he's a great leader, he's a triathlete, which means he's
11 tough as nails--way tougher than me.

12 He's an educator, he's always on the details, he's an avid reader. I don't think he sleeps. I think
13 this might have been one of the unintended lifestyles of his abuse. And so thanks, Doug, for
14 serving in this capacity. It's really great to serve with you and the other members of the TCC, and
15 we're just grateful to be able to bring this message to you all tonight.

16 So, Jim, I need you to get your video off, and Kirk, could you do that as well? Hopefully. So,
17 Doug, if you could, could you give us a high-level overview of kinda what we do on a regular
18 basis, what's the job on a daily basis or a weekly basis, a little bit about yourself?

19 **KENNEDY:** Sure, John, I'll be happy to, and good evening, everyone. Well, I'm on the East
20 Coast, so it's evening out here for me. I would also be remiss if I didn't mention that John is a
21 very modest man. He is the highest level executive with his company and has a full-time job, and
22 has taken on as the chair what is arguably another full-time job, and has provided just amazing
23 leadership. You might have heard that old saying, it's like drinking water from a fire hose, and
24 that's what John has done. You should all be very, very confident that we have the very best

1 leadership for the TCC.

2 So, let me just tell you a little bit about myself. I formally go by Dr. Douglas Kennedy because
3 I'm a college professor and department chair in Virginia Beach, Virginia, where I live. I'm
4 fortunate to have an amazing wife, patient beyond words; two wonderful sons; and somewhere
5 around here I've got a dog running around as well.

6 John mentioned that I'm a triathlete and I don't get a lot of sleep, and both those things go hand-
7 in-hand. And the reason for that is because as a triathlete I'm always either running, biking, or
8 swimming, and thinking about that, and I don't get a lot of sleep because when I go to sleep,
9 that's when my demon shows up.

10 I grew up in northern New Jersey, coincidentally, like John. My mother was a single parent
11 because my father died of cancer when I was a year old--never knew him. And my mother
12 thought it would be a good idea to put me in activities where there were positive role models,
13 male role models. So I was in youth sports, but she also put me in Boy Scouts. I was in Troop 25
14 in Totowa, New Jersey, and one of the things that I ended up doing was going to summer camp
15 at the Ten Mile River scout reservation in New York.

16 And while I was at that summer camp, I was sexually abused on multiple occasions.

17 Like you, I can close my eyes and I can put myself back in that place. So that's why
18 I try and keep busy, because my demon is I don't ever wanna have any down time where those
19 memories start creeping back into my head.

20 And I share that with you because if you suffer from the same thing, I want you to know that
21 you're not alone, and that's gonna be one of the themes tonight when we start to talk a little bit
22 about the members of the TCC. And we really want you to feel like you have advocates and
23 people that might not know the details, individually, of what happened to you, but maybe know
24 some of the effects and maybe know how hard this has been on your life.

1 So, John asked me to talk a little bit about the work of the TCC. Let me just repeat that we
2 advocate and we represent the interests of all survivors, not just one survivor, okay? So, we are
3 representing everyone. Our work doesn't substitute for any legal advice, and we're gonna talk
4 later on about whether or not you need to have a lawyer in this process, or what you should think
5 about. Our primary purpose, with the help of our professionals, is really to look at the assets of
6 the Boy Scouts, analyze the claims, look at this whole picture, and try and figure out how we can
7 achieve the objective of obtaining the maximum recovery for abuse survivors. We're trying to
8 figure out how to get the maximum recovery for all survivors.

9 We're also committed to ensuring that the Boy Scouts has something in place to make sure this
10 never happens again. We don't ever want what happened to all of us to happen to another child,
11 so we're committed to that as well. We want to achieve these goals through mediation, and we're
12 in the middle of mediation this week, intensive mediation. But if that doesn't work, if negotiation
13 doesn't work, then the Tort Claimant Committee and its professionals are prepared to go to
14 litigation as well.

15 Each member of the Tort Claimant Committee understands that this is a difficult process. Just
16 completing the claim form for a lot of people may have been difficult for you, and we want you
17 to understand that we understand the stresses that are involved in this. And we hope through our
18 activities and town hall meetings like this we might be able to alleviate a little bit of that stress.
19 This is a process that many of us had no idea how it worked, so we're going to try and use
20 tonight and our other meetings to be a little bit of education as well.

21 I want you to keep in mind that the TCC is advocates, and at the end of this we really want you
22 to feel like the nine of us on the Tort Claimant Committee and our fantastic professionals are
23 really your advocates and fight for you.

24 **HUMPHREY:** So, Doug, tell us a little bit about the other members of the committee.

1 **KENNEDY:** Thanks, John, I'll be happy to. This is a real honor for me. We talk about this--we
2 were strangers less than a year ago. We were put together in a room in Wilmington, Delaware,
3 and now we're brothers. We don't always agree on everything, we don't always disagree. But this
4 is a group that has really pulled together, and I think its underlying foundation is--and we repeat
5 this over and over again--is what can we do that's best for all victims.
6 This is a dedicated, dedicated group. I'm going to tell you a little bit about each, but it's important
7 that you understand that they suffered some of the most horrific forms of abuse that you can
8 imagine. If you wonder if anyone at TCC can relate to your story, I hope when I tell you a little
9 bit about each of these amazing men that you'll come away understanding that they know what
10 you've been through. So, let me talk a little bit--let me start and talk about the first.
11 Jorge Vega--Jorge Vega is from Los Angeles, California. That's also where his abuse occurred.
12 He now serves as an assistant director for security in a high school. Now, when he was asked
13 why he's serving on the TCC, he commented he wanted to make sure that the public is aware of
14 all the damage that BSA has caused a whole lot of kids, and the pain and suffering it's caused
15 them as adults. Jorge and everyone recognizes that that pain may have started when we were all
16 children, but it's continued well into our adulthood.
17 Rob Lawson is from Gainesville, Georgia. He's married with three children. He works for a
18 homeowner's association management company. He's also an Eagle Scout, and he's a member of
19 the Order of the Arrow. It was during his ordeal ceremony for the Order of the Arrow where his
20 abuse occurred.
21 Rich Halverson lives in Atlantic City. That's also where he was abused. And he's a retired
22 policeman. His police background was really evident when he said, "I wanna be on the TCC to
23 protect others."
24 Bob Grier is from Miami, Florida. He still lives in Florida, and that's also where he was abused.

1 He's a retired attorney, a corporate consultant, and a real renaissance man. I should also mention
2 that Bob's 76 years old, tireless, and he's a reminder to all of us on the TCC how long the abuse
3 has been a problem with the Boy Scouts and has been occurring.

4 Jorge Tabon [SP] is from Rhode Island. He recently returned there to live and continue his career
5 in education in global partnerships and business development. Jorge's an Eagle Scout, and I have
6 to tell you, he's also one of two TCC members who was sexually abused by his scoutmaster,
7 along with his brother.

8 Wade Paul is a retired Army lieutenant colonel; also a helicopter pilot. He lives in Williamsburg,
9 Virginia. He grew up in the U.S. territory of Guam, and he suffered his sex abuse at the hands of
10 his scoutmaster, who ran the aquatics programs there. Wade is a reminder that the abuse that's
11 been occurring wasn't limited to 50 states in the United States.

12 And lastly and certainly not least, is Chris Heywood. Chris is from Chicago, Illinois, where he
13 works in the hospitality industry and also where his sex abuse occurred for almost a decade.
14 Chris recently made a comment that's also how many TCC's members feel, when he said the
15 following: "I wanna be a voice for those survivors who still feel they don't have a voice, so they
16 know that the TCC and our professionals really have their back." They do.

17 Besides John and me, these are seven amazing men that are on this town hall meeting tonight,
18 and I cannot tell you how dedicated they are to maximizing the recovery and doing the right
19 thing. I hope from this little snippet and these introductions that you get a feel that they represent
20 you and all the victims in this country. They range in age from 30 to 76, they live all across the
21 United States, they grew up in different areas. They're white, Hispanic, African-American, and
22 other ethnicities. Some are single, some have families, some are starting their careers, the middle
23 of their career, or retiring. In short, it's a diverse group. It represents a cross-section of all
24 victims, all survivors, and is really dedicated to doing all the hard work and advocating for you.

1 **HUMPHREY:** Thanks, Doug. You know, I know I've got my brothers back at old Troop
2 64, and they understand that that word, "brother," is not thrown around lightly. And I can tell you
3 that Doug and I feel like we've got a new set of brothers. And we argue like brothers, and the
4 thing about this TCC is it has a mind of its own. We make a lot of decisions, we review a lot of
5 data. It's an overwhelming, sometimes overwhelming process to just get inundated with the
6 information and the data and the complexity of it all.

7 But we are fortunate to have some really great professionals, which I'd like to introduce to you
8 all now. Jim Stang is our lead attorney at Pachulski, Stang, Ziehl, and Jones, and I'd like Jim to
9 introduce himself, and also introduce some of our other professionals. Jim?

10 **STANG:** Thank you, John. My name is Jim Stang, and I am the lead bankruptcy attorney at
11 the Pachulski, Stang, Ziehl, and Jones firm, which is representing the tort claimants committee.
12 Since 2004, I have represented 20 creditors' committees of survivors of child sex abuse in a
13 bankruptcy context, including Catholic Diocese, the Weinstein Company, and USA Gymnastics.
14 These cases have profoundly changed me as a person. In the course of a work week, I meet with
15 more than two dozen adults who survived sex abuse, but I also met and represent a little girl. She
16 was nine years old when I met her, and she was molested by a relative. And I sat in her living
17 room with her mom and her dad and her two brothers, and I listened to her tell me about her
18 testimony in the criminal court proceeding which resulted in the conviction of her abuser and a
19 man who was sentenced, in effect, to life in prison.

20 That little girl's strength, her dignity, I see reflected in the adults who survived abuse in the
21 course of what I do every day. This work is extraordinarily important to me, and as I said,
22 personally changing me. It is the most important work that my firm does. Our management
23 committee and the firm as a whole feels there is nothing we do that is more important than these
24 cases. The Tort Claimants Committee has assembled professionals who are similarly dedicated

1 and experienced in order to obtain the kinds of resolution that John and Doug spoke about. So I'd
2 like to introduce the first colleague, Kirk Pasich.

3 **PASICH:** Thank you, Jim. I am the managing partner of a firm called Pasich LLP. We're in
4 New York, Los Angeles, and Manhattan Beach. And for the last 39 years, I have focused
5 exclusively on fighting insurance companies, and we have assisted in getting more than a billion
6 dollars for the victims of sexual abuse.

7 When I'm not doing that, I'm actively involved in working with foster children. I have helped
8 more than 400 foster children in the last 20 years get out of the foster care system and into loving
9 and caring adoptive families. So, part of my mission in life and as a professional is to take care
10 of others and to help stop abuse. So, it was a real privilege for me to be selected to be the
11 insurance coverage counsel for the Tort Claimants Committee.

12 In that role, I will work on behalf of the Tort Claimants Committee and all survivors of abuse to
13 maximize the amount of money that gets collected from insurance companies to pay those
14 survivors.

15 **STANG:** The next person I'd like to introduce is Matt Babcock. Matt is the Tort Claimants
16 Committee's financial adviser.

17 **BABCOCK:** Thanks, Jim. As Jim mentioned, I'm Matt Babcock, and I'm one of the TCC's
18 financial advisers. I'm a forensic accountant, CPA, and certified fraud examiner, and more
19 importantly, I'm part of a specialized team at BRG that is providing bankruptcy, finance, and
20 forensic accounting skills and services to the committee.

21 In addition to the more common financial fraud cases that we conduct and investigate, we served
22 as financial advisers to a number of creditors' committees and bankruptcies involving sex abuse,
23 including 11 diocese and the Weinstein Company's matter. On the BSA matter, we are providing
24 a number of services to the committee, and chief among those is the identification and

1 investigation of assets that may be available for creditors, including assets from the BSA, from
2 its related entities, and from over 250 local councils located throughout the U.S.

3 On a personal note, it really is a privilege to have been selected as a financial adviser on this
4 matter, to be able to work with the committee members and the other professionals. Originally, I
5 became a forensic accountant in order to help uncover and investigate fraud on a financial level.
6 But over the years I've had a very unique opportunity to help those who have suffered a very
7 different kind of abuse, and I'm grateful to be part of an effort to help bring accountability to the
8 BSA and to find ways to help each survivor.

9 **HUMPHREY:** You know, it's really amazing. You think that you understand what a
10 lawyer does and what an insurance counsel does and what a CPA does, but when you look at the
11 details of forensic accounting, when you look at how Pasich's team goes and looks for old
12 insurance policies--these guys are tireless, and we're really proud to have them on our team.

13 **KENNEDY:** Yeah, and John, when we were interviewing them, we were looking for the best in
14 the country, and I think we feel like we have it, don't we?

15 **KENNEDY:** Can you talk a little bit about the formation, how the TCC was selected?

16 **HUMPHREY:** Sure. So, I was, like several of you on the call, I think over 100, got a call
17 from our attorneys and said there's a gathering in Wilmington, Delaware. The Boy Scouts of
18 America have declared bankruptcy. And there's a U.S. Trustee's office that would like to
19 interview a bunch of survivors in order to form a committee. You know, my attorneys asked me
20 to do it. It's funny, people flew in from all over the country on their own nickel, and it was really
21 an interesting process and an honor to be in the room with all these guys.

22 You know, it's funny, I remember now in my mind glimpses of catching Jorge Tabon and
23 wondering who that smart-looking guy was with the knot on the back of his head, and Doug
24 wearing his obligatory white shirt and red tie. And at the end of a very long day, the U.S. Trustee

1 selected nine men. And you know, I didn't know anything about bankruptcy. I remember sitting
2 in this big conference room. There had to be--well there was a hundred survivors there, and
3 probably two hundred professionals standing around the edge.

4 And when my name was called, my stomach turned upside-down, and the guys that I was there
5 with kind of gave me that look, like better you than me. But I just wanted to tell all of you guys
6 that showed up how much I appreciate the strength that it took to show up in public and admit in
7 front of the world that you'd been abused.

8 And so you guys demonstrated courage and strength, and you know, we got in a room, we
9 dismissed all the professionals, and nine guys selected--I think they asked me if I would be
10 chairman, and I looked across the table and Doug and said, "I'll be chairman if that guy over
11 there will be my vice." So that's the beginning of a lifelong friendship. That evening, we selected
12 Pachulski, Stang, Ziehl, and Jones after interviewing several law firms. That meeting went into
13 the evening. I remember having dinner with my attorney at 11:00, and he nodded off.

14 But over the next couple of weeks we selected BRG for forensic accounting; later we selected
15 Kirk's firm, after an exhaustive review of people that have had experience in these kinds of
16 matters. We've selected CBRE to do appraisals for a lot of the local council assets, and then we
17 have specialists for the pension. BSA has a very large pension fund that's governed by ERISA,
18 so we had a specialist for that.

19 You know, we did all this in the beginning of COVID, and I remember Jim telling me that one
20 night that it was very important for the TCC to get together, and that it was part of the budget for
21 us to do so. Well, two weeks into that process we are in a Flat Stanley, two-dimensional world of
22 Zoom and teams, and it's been very remarkable to watch the work that's gotten done despite the
23 distance and the technology and people getting excited and talking over each other from time to
24 time.

1 But I can tell you, I work with a lot of really great people, and we've got the kind of folks in the
2 foxhole that you want in the foxhole when you go into battle. And so it's been a real honor to be
3 selected and to serve you guys in that capacity. So, Doug, it's almost been a year--hard to
4 believe. Doug's my detailitis guy. He tracks hours, he tells us every quarter how much time we've
5 spent, just for fun. Could you give us a review of the kind of work that the TCC has been
6 engaged in, and kind of what we do on a regular weekly basis?

7 Yeah, John, I'll be happy to, and then since you brought it up, we're approaching 200 meetings
8 that the TCC has been involved in to this point. You know, and it also occurred to me something
9 that we should bring up, in case anybody's wondering--the salary for the TCC is zero. [laughter]
10 These are all volunteers.

11 **HUMPHREY:** Volunteer army.

12 **KENNEDY:** These are volunteers. Our nine people on the TCC are volunteers, and that's
13 another reason why their dedication is just through the roof. So let me talk for just a minute
14 about what's happened since March of 2020, last year. One thing we want you to understand is
15 we were all involved in the Boy Scouts in some fashion, but we didn't understand the inner
16 workings of the Boy Scouts.

17 So the TCC and its professionals have been digging into the operation of the Boy Scouts, not
18 only nationally but also at the local council level as well. This is a complex, complex financial
19 structure. This organization, it is--we've had to untangle it, and that's what we're doing with our
20 professionals, and trying to understand exactly how the Boy Scouts have operated.

21 We've also had a detailed review of the cash, the investments, the properties, the insurance that's
22 owned by the Boy Scouts. We reviewed thousands of pages of documents to address the
23 properties and look at whether or not they're dedicated or are available to survivors. We've hired
24 appraisers to value almost 500 properties at the local council level at this point. Our special

1 insurance counsel, who you were introduced to, has reviewed thousands of pages of insurance
2 policy going back decades to determine what insurance is available.

3 We've hired an expert on employee pension plans to see what impact the Boy Scouts' employee
4 pension plan is going to have on its available assets. We were also intimately involved with the
5 creation of the proof of claim form that all of you filled out. We worked hand-in-hand with all
6 the other people involved in the bankruptcy to make sure that as survivors, we're going to be able
7 to complete it.

8 As a matter of fact, when the Boy Scouts first announced their bankruptcy, they also said that all
9 those claim forms had to be in within 90 days, and it was the TCC that advocated, pushed, and
10 made sure that we had a full six months, so that every victim had a chance to submit their claim
11 form. So the overriding purpose for the TCC to this point has really been to be a player in the
12 bankruptcy, to be an advocate, to be a voice, and to dig into every single dime that the Boy Scouts
13 of America may have, and also the operation of the local councils.

14 **HUMPHREY:** Yeah, so at the end of the day, where we sit is about 85,000 claims,
15 86,000. It was 96,300, and there were some duplicates. And you know, the thing that occurs to
16 me is after talking to our professionals is this is really unprecedented. It's a complex case with
17 lots of claims, so we're just gonna ask your indulgence, and try to peel back the onion skin just a
18 little bit at a time. So, Jim, you know, Doug mentioned the complexity of the Boy Scouts. Maybe
19 we should start there, because in trying to get into mediation and settlement, we have to have a
20 strategy; in order to have a strategy, we have to understand the complexity of the entity that
21 we're talking to. So, could you kind of unwrap that for folks a little bit, please?

22 **STANG:** Sure, John. So, Boy Scouts exists as essentially a three-tiered organization. The top
23 of the tier is the Boy Scouts of America. It is a federally chartered nonprofit corporation
24 headquartered in Texas. It has cash, it has investments, it has a corporate headquarters, it has a

1 distribution warehouse, it has the four High Adventure facilities--Philmont, Sea Base, Summit,
2 and Northern Tier. It has artwork, it has what I'm told, one of the largest Norman Rockwell
3 collections in the world, and it has insurance. The Boy Scouts also have a foundation which is
4 the fundraising arm for long-term gifts and endowments, and it has a substantial amount of cash
5 and investments, but it is not in the bankruptcy proceeding.

6 The next tier are local councils. There are about 250 local councils today. There were once many
7 more, but with a decline in membership and a rejiggering of the map, there are now 250. These
8 local councils have the power, through the Boy Scouts of America, to create troops and units at
9 the local level. Like the Boy Scouts--and they are separately incorporated. Every local council is
10 its own corporation.

11 There's a very close relationship between the Boy Scouts and the local councils, but they are
12 separate legal entities. They have cash, they have investments, they have real property, and they
13 have insurance. And we have been reviewing, as part of our what we call due diligence, the
14 relationship between the local councils and the Boy Scouts, including an enormous amount of
15 documentation and litigation history on what that relationship really is. So, our goal in examining
16 the local councils is to determine if there are assets there that can be brought into a global
17 settlement for the benefit of survivors.

18 Plaintiffs' lawyers tell me that if you claim against the Boy Scouts, you've got a claim against the
19 local council. One of the things that we implore our audience to do is to go back to your proof of
20 claim form and try to identify your local council. Nearly half of the claims that were filed do not
21 identify the local council. Now, we appreciate that as an eight-year-old you may not have known
22 the name of your local council.

23 But between your efforts and your attorney's, if you have an attorney, if you can dig out that
24 information and go back and amend your proof of claim, it would be of enormous help, because

1 we're trying to identify how many claims there are against the local councils and their insurance
2 companies.

3 Finally, there are the sponsoring organizations, sometimes called the chartered organizations.

4 These are the churches, the synagogues, the school districts, the civic organizations that
5 sponsored your troops or units. There are thousands of them. They too have cash, some may
6 have investments, some may have real estate. They likely have insurance, because they operate
7 and do their functions, and the Boy Scouts relationship is ancillary to it.

8 Just like we have a gap in information on the local councils, we have a gap of information in the
9 sponsoring or chartering organizations. I was a Cub Scout. I remember--Biskin Elementary [SP]
10 is where my Cub Scout troop met. That may have been the sponsoring organization. I could put
11 that information in my proof of claim form, if I were to--if I had one to fill out, and it would help
12 us understand how to make the pot bigger. So again, much like the local council exercise, if you
13 can, through your memory, through talking to relatives, working with your attorney, try to
14 identify the chartering organization, the sponsoring organization. That would be of enormous
15 help to us.

16 I wanted just to emphasize that this is a bankruptcy of the Boy Scouts of America, It is not a
17 bankruptcy of the local councils, and it is not a bankruptcy of the chartering organizations,
18 though there are chartering organizations that are in bankruptcy; for example, some Catholic
19 diocese were chartering organizations, and some of them, as you may have heard, have filed
20 bankruptcy.

21 You should consult your attorney or talk to an attorney to find out what your rights are against
22 these local councils and chartering organizations, because your proof of claim that you filed in
23 the BSA bankruptcy is not a claim against the local councils. It stops the running of any statute
24 of limitations.

1 **HUMPHREY:** Thanks, Jim. So, it sounds to me like you're just asking folks to look for
2 their sponsoring organizations, where they were from a local council perspective, the troop
3 numbers. How would somebody amend their claim form?

4 **STANG:** Well, and I just wanna add, John, go back to your--a lot of people--well, everyone
5 was under a lot of stress when they filled out those claim forms, and hopefully you've had a
6 chance to put it aside. Take it back and look at it again. There are--some people left out birth
7 dates. Go back and fix it.

8 So, how do you amend? You amend the same way you filed your claim. You go to a website,
9 Omni--in your browser, type Omni Management Boy Scouts, and you'll come up to the Omni
10 Management website. That's O-M-N-I. And much like you filled out your claim form, go
11 through the same process and you can amend your claim. And that amendment, even though it's
12 after the November 15 deadline, will relate back in time so that your claim is still timely.

13 **HUMPHREY:** Yeah, just helps us build a bigger picture, better picture. Thank you, Jim.
14 So, we've heard about the complexity of Boy Scouts. When you introduced yourself, you talked
15 about spending the vast majority of your career in bankruptcy. Is there a bankruptcy 101 that you
16 can share with folks at a high level, so people understand what the process is and what it means?
17 A company goes into bankruptcy, it doesn't mean they're broke; it just means they've frozen all
18 their creditors. So if you could maybe unwrap that for us, that'd be really great.

19 **STANG:** Well, I suspect Professor Kennedy could do it by now, but I'll take the shot at it. So,
20 a bankruptcy is commenced by the filing of a bankruptcy petition. You may have heard that
21 phrase in connection with the Boy Scouts. It's really just at two or three-page document. The
22 bankruptcy was filed in the district of Delaware, the bankruptcy judge is Laurie Silverstein. We
23 talked about the Omni site; that site is also--where you filed your claim, or most people filed
24 their claim through Omni--also has all of the bankruptcy pleadings listed.

1 You can look at anything that's filed except for your confidential proofs of claim, of course. And
2 you can see dates, upcoming hearings, and it's a real good resource to find out what's going on in
3 the case. So after the bankruptcy--after a bankruptcy petition is filed, the debtor--that's what we
4 call BSA when we're not calling it BSA--the debtor filed financial disclosures. Those are
5 available on the Omni site. The debtor then was subjected to a kind of deposition--an
6 examination by creditors where it had to answer questions regarding those financial reports that
7 it had initially filed.

8 The end of the bankruptcy, cut to the chase scene, is the confirmation of a plan of reorganization.
9 The plan is the document that tells you when you're gonna get paid, and how you're gonna get
10 paid. Between the filing of the bankruptcy and the plan is the negotiation, the mediation, the
11 litigation that both of you have talked about, in an effort to build the pot and understand the body
12 of creditors. At some point in time, that reorganization plan will be filed with the bankruptcy
13 court with a document called a disclosure statement.

14 The disclosure statement puts the plan in context. It talks about the history of the Boy Scouts, it
15 gives an overview of the assets and the property, both of the Boy Scouts and anyone who's trying
16 to get protection from creditors through the plan, like maybe the local councils--we'll talk about
17 that a little more. It will talk about how claims are processed so that people actually get paid.

18 And that disclosure statement is reviewed by the court to make sure that each survivor has
19 enough information to decide whether to vote yes or vote no on the plan.

20 Ultimately, when that disclosure statement is approved, the plan, which is a proposed plan at that
21 stage, the disclosure statement, and a ballot to vote yes or no will go to each survivor. And then
22 once the balloting is returned, the court will conduct what we call a confirmation hearing, which
23 is--confirmation in this context means just an approval hearing. And the court will decide
24 whether or not to confirm the reorganization plan.

1 There are lots of requirements that the plan must satisfy. Voting is just one of them. If the plan is
2 confirmed by the court and no appeals are taken, the plan becomes effective. The Boy Scouts
3 emerge from bankruptcy, and the plan will control how creditors are paid.

4 **HUMPHREY:** So, we've heard about the complexity of the legal structure of BSA--BSA
5 National, not its local councils or sponsoring organizations, just the one in bankruptcy. You've
6 taken us through the process of I call it bankruptcy 101, so we understand that every claimant
7 will have a role, not only in submitting the claim--85, 86,000 of them to date--but also in voting
8 and affirming that plan. So if we move to some questions that I've been hearing from claimants,
9 the one that they like to ask is assuming we're successful, when do I get paid.

10 **STANG:** So a bankruptcy judge once said to me that a disclosure statement, that document
11 that puts the plan in context, they run hundreds and hundreds of pages, folks. You'll probably get
12 it on a disk drive or some kind of thumbnail, because no one does paper anymore. And she said
13 to me, "You know, Mr. Stang, disclosure statements should be two pages, because there are only
14 two questions people wanna know--how much, and when."

15 So, I'll try to answer the when part, because the how much is still very much at issue. People are
16 not gonna get paid on their claims until the plan is confirmed. If we had a plan and disclosure
17 statement filed with the court today, and it was a global consensual deal--obviously there are
18 always a few people who will object, but if it was--if it had the support of all of the
19 constituencies, I think a good fast track would be about four months, to have the court confirm
20 the plan.

21 But there are 85,000 people potentially involved in the distribution of what's in the plan, and if
22 all of the assets were reduced to cash, and all we were doing was dividing up the money, then
23 there's a process for that. That process is called trust distribution procedures, and we'll talk about
24 them a little bit more in a moment. But it's always not that simple. There may be disputes. There

1 may be people who object to the plan. And they may say, you know what, not enough money or
2 property has gone into the settlement.

3 And one of the responses that we're hearing is well, you know that donation that was made, that
4 was dedicated for a specific purpose. That \$100,000 was meant to build a gymnasium at one of
5 the camps, and you can't use that money for anything except construction of that gymnasium.

6 That's what we call a donor restriction. This is a very big issue in examining the Boy Scouts and
7 local council assets, because as you can imagine, most of what they--well, they get a lot of
8 revenue from membership fees. The big gifts are gifts, and people can control what they give
9 away.

10 About a week ago, the TCC filed a lawsuit against the Boy Scouts. It got some press. And it was
11 a lawsuit challenging the Boy Scouts' characterization of over \$675 million as restricted,
12 meaning that creditors could not reach it because they were donated with a restricted purpose. So
13 there's a lot going on as we try to get a consensual plan. But if we don't have a consensual plan,
14 then to litigate about the adequacy of the money that's in the settlement.

15 And of course, it isn't always money. It could be a Norman Rockwell collection which someone
16 has to go and sell. So once the plan is confirmed, and say the assets are reduced to cash, we have
17 to come up with a process, these trust distribution procedures, for how to distribute the money.
18 Because to the best of my knowledge, practically--no more--I bet not even a handful of people
19 actually have a dollar amount as a judgment for their claim.

20 And so there will be a process that is still very much in the initial thinking stages as to how to
21 evaluate claims--the process for them, the criteria for them, and ultimately the distribution of
22 money. But it is the TCC's goal. We are absolutely fixed on the notion that people are in need.
23 Age, physical condition, and just in need. And so we appreciate there is a cost benefit ratio which
24 as we go through these issues.

1 **HUMPHREY:** Thanks Jim. So we know that we gotta vote on a plan, eventually. There's
2 lots of negotiation. It's a complex picture. We know that there's gotta be a settlement allocated.
3 So it sounds like it could take a little bit of time. Do you think claimants will have to provide
4 additional information?

5 **STANG:** We tried to balance the proof of claim form to make sure that enough information
6 was coming out through that process, and still not put an undue burden on survivors. But this
7 trust distribution process that I was talking about might be a process by which more information
8 is elicited, and that can be done through written questions, through potentially document
9 production--medical records, for example, that sort of thing--and possibly depositions.
10 As I said, the procedures are still very much in their embryotic form. They have not been the
11 subject of negotiation and remediation, and we're working on it. But it is possible that more
12 information will be required.

13 **HUMPHREY:** Do claimants need a lawyer?

14 **STANG:** You know, retaining an attorney is obviously a very personal decision, and as you
15 said, we're not counsel for our audience this evening. I just wanna--there may be a point in this
16 trust distribution process where people feel that it's worthwhile having a lawyer present their
17 case. Just a couple of cautionary parts. You could interview lawyers without hiring them, and so
18 don't feel that just because someone picks up the phone at the other end, that you are now their
19 client. You have to sign a retainer agreement, you should understand that retainer agreement,
20 what the costs are, what the contingency fee is, and ultimately you'll decide whether or not it's
21 worthwhile.

22 Where do you find a lawyer? Here's referrals from your state and local bar; obviously the
23 Internet is a great resource. And I would just caution people, find someone who understands how
24 to represent a child sex abuse survivor. This is a very special area of the law.

1 **HUMPHREY:** So it sounds like I don't need a lawyer right now, but given the
2 complexity, it might be something to consider in the future.

3 **STANG:** Definitely something to consider in the future.

4 **HUMPHREY:** So to kinda keep us on track and get Mr. Babcock engaged, we've heard
5 that the BSA is complex, and that there are a lot of assets and some are restricted, some are not
6 restricted. It's difficult to figure out who owns what. I'm not sure exactly what a forensic
7 accountant does, but it sounds kinda geeky. So could you talk a little bit about your job and then
8 the kind of assets that you guys have been engaged in looking at?

9 **BABCOCK:** Sure. And I mean, if it's accounting, I guess it probably is a little geeky. For
10 forensic accounting, a lot of times you feel like you are putting a puzzle together, and that
11 puzzle, though, is missing a lot of pieces. And sometimes, that puzzle is of a clear blue sky or a
12 pure white field of snow, and you have to find ways to be able to give the best complete picture
13 you can with what's there, and find ways to fill in those missing areas.
14 So as a forensic accountant, I help to find those missing pieces, by peeling back the layers, by
15 unwinding complex transactions and relationships, and our team--and you'll hear me say "we"
16 quite a bit, because it's certainly not just me at BRG. I have an entire team, and we work together
17 on these and have worked together for decades. And we find ways to take not just the numbers,
18 but also other very critical information and piece that together.
19 As part of that, we get everything we possibly can from the BSA, but then we take and verify
20 and test and supplement, and where things are concerning or where there are issues, we will
21 identify those. But we bring all of those pieces together. We use various investigative tools and
22 databases and other resources. So clearly, one of the biggest pieces in this puzzle for the BSA are
23 assets, and we have hundreds of millions of dollars--and Jim already mentioned that the BSA and
24 its related entities and local counsels have asserted are off-limits. They're restricted. They're

1 unavailable. And we're certainly not gonna take the word of that. We are going to test that, we
2 are gonna investigate it, we're gonna peel back those layers. We're gonna look at documentation
3 that dates back decades to see what was the original intent, and has that intent changed over
4 years.

5 How have those funds been used? Working closely with Pachulski legal team, we've identified a
6 number of issues and concerns on those that may allow for those assets to be made available to
7 creditors. We're looking at assets at the BSA level, which include hundreds of millions of dollars
8 of cash and investment and also real estate, and Jim mentioned those four High Adventure
9 facilities, but also at the local council level--same deal. Significant cash and investments,
10 hundreds of millions, and over 1,400 properties--properties such as camps, service centers, scout
11 shops, and the like.

12 John mentioned that we have brought in CBRE and other professionals to help, because one of
13 the issues is that those pieces of real estate are guilty recorded at cost, which doesn't give
14 anywhere near a complete picture as to what the true value is. And these real estate professionals
15 are helping us to provide current values on the more prominent pieces so that we can put those
16 pieces together and have a much, much more complete picture of what BSA and its local
17 councils have, and what they should pay. The restrictions--

18 **HUMPHREY:** Sounds like a puzzle-solver's happy place.

19 **BABCOCK:** It is, it is. I mean, those restrictions--and the end goal is to maximize that return
20 and the settlement contribution that goes into that trust. But it definitely is--for us, it's returning
21 to the nerdery and being able to dig into those numbers.

22 **HUMPHREY:** Yeah, thanks, Matt. Matt's doing a great job. I'd like to get Kirk back in
23 here and talk a little bit about insurance. It sounds to me--you know, from what I've learned,
24 Kirk, the insurance is a huge part of this settlement process, and the Boy Scouts reportedly have

1 a lot of it. So can you talk about how that might be going to victims, and how you're uncovering
2 the insurance coverage for BSA?

3 **PASICH:** Sure, John. I mean, when we're dealing with insurance, it's kind of interesting.
4 There's a field now called insurance archaeology, which involves reconstructing decades of
5 insurance policies. You heard Jim mention earlier that we had somewhere well over several
6 hundred local councils once upon a time. We believe each of those local councils had their own
7 insurance policies every year. So, these policies go back at least to the 1940s, so if you take
8 several hundred local council and you take 70 years of insurance, and you have an insurance
9 policy for each year, you get a lot of insurance policies that have to be found and reconstructed.
10 And if they're missing, you have to figure out how to fill the gap.
11 With the Boy Scouts of America, it's a little different, because they've had insurance policies also
12 at least going back to the 1940s. So, again, we're looking at about 60, 70 years of insurance
13 policies there. If you look at the face value of this insurance, it's worth tens of billions of dollars,
14 both the Boy Scouts of America policies and the local council policies. So on the face of it,
15 there's more than enough coverage to pay the survivors of sexual abuse.
16 However, the insurance companies don't take this easily. They have a lot of defenses. Some of
17 them plead poverty, some of them plead that their policies don't apply for a variety of legal
18 reasons. So as we look at all of these policies over the decades, we also have to evaluate the
19 collectability, and we have to look at the defenses raised by the insurance companies.
20 Now, I should note that the local councils had their own insurance policies until 1972. Starting in
21 1972, they could sign up and become insured under the Boy Scouts of America policies, and by
22 1978 all of the local council became insured under the Boy Scouts policies. So you have to look
23 on all these different policies and the different organizations that are involved, and I should note
24 that the sponsoring organizations and the charter organizations, many of them have their own

1 insurance policies.

2 So, what we're trying to do on behalf of survivors is to negotiate settlements where the insurance
3 companies pay as much of that money as we can collect to the survivors. There's no guarantee
4 this will work. We may end up with a trust set up under the oversight of the bankruptcy court,
5 and that trust might get the money to figure out how it's to be disbursed, or the actual insurance
6 policies might be placed in the trust for us to go after them and try to collect on them.

7 But my bottom line is we have a lot of insurance assets available, we are pushing hard to recover
8 on it. Now, there is one thing, though, that survivors can do, and I know Jim mentioned this and
9 emphasized it earlier, but I'm gonna reemphasize it, because it's really important. Those claim
10 forms that have missing information, if you can fill in that information about the state where the
11 abuse took place, when you were born, who your local council was, what troop you were in, that
12 kind of information, it will help us secure money from the insurance companies to pay you on
13 your behalf.

14 **HUMPHREY:** Thanks, Kirk, really appreciate that. And from what I understand, you feel
15 pretty good about the amount of insurance you guys have found in the policies?

16 **PASICH:** We do. I mean, we have found literally \$100 billion-plus of insurance. As I said, the
17 challenge for us will be to collect.

18 **HUMPHREY:** Great, thanks a lot. Doug, we're in the middle of a mediation. Maybe you
19 could spend just a moment giving folks an idea of what's that like.

20 **KENNEDY:** Sure, John. We are in a mediation this week. The bankruptcy court appointed a
21 panel of three mediators. One is a retired bankruptcy judge, the other is a specialist in insurance
22 issues, and the last is someone who has mediated hundreds of Boy Scouts of America abuse
23 claims in the past. Over the last few months, we've met with the mediators on a weekly basis,
24 along with our state court councils as well, to chat about the issue facing all the parties. In

1 exchange, the mediators are also engaging in confidential discussions with the Boy Scouts,
2 insurance companies, sponsoring organizations, local councils.

3 So it's an ongoing process. We've been in meetings all this week. It's also a confidential process,
4 and that's important to mention because we can't report out what happens until all the parties
5 agree that something can go public. So the most I can say and we can say to survivors right now,
6 John, is that we are actively engaged in mediation to try and avoid litigation, and we'll just see
7 how it goes.

8 **HUMPHREY:** So it's safe to say there's a lot of moving parts.

9 **KENNEDY:** There are.

10 **HUMPHREY:** So Jim, the last question's for you, I guess. What's being done to prosecute
11 these abusers?

12 **STANG:** Takes me back to the nine-year-old little girl. So the Boy Scouts and the local
13 councils may be what lawyers call mandatory reporters under most states. People of a certain
14 relationship to children have an obligation to report sexual--abuse or reasonable suspicion of
15 abuse. So a teacher, for example, or a doctor, have an obligation to report to governmental
16 authorities, police authorities.

17 The Boy Scouts may or may not be a mandatory reporter in your state. The local councils may or
18 may not be a mandatory reporter in your state. But they now have 85,000 claims. What are they
19 going to do with them? The Boy Scouts have electronic records that would allow them to take
20 the claim, search the record, the troop roster, and see if they can identify the abuser.

21 Their first priority is to go to those mid to late '90 and forward rosters, see what they can
22 identify, and they've told us--I have not independently confirmed that they've done it, but they've
23 told us at the local council level they are notifying the authorities regardless of whether they are
24 mandatory reporters under state law. Once they have finished that use of their electronic data,

1 they intend to go back to the older rosters and information with the claim forms, and go through
2 the paper and do a similar reporting.

3 States have different statutes of limitation on criminal prosecution of sexual predators. It's
4 obviously up to the governmental authorities as to whether they're gonna prosecute a claim
5 against a living perpetrator. And the Boy Scouts and their local councils hopefully are doing a
6 complete reporting job so that abusers can be brought to justice.

7 **HUMPHREY:** Great, thanks, Jim. Well, we're right up against an hour. I'd like to thank
8 you guys a lot for taking the time to be here tonight. You have any last thoughts or words for our
9 audience before we wrap up this town hall?

10 **STANG:** From my perspective, John and Doug, just hang in there. These cases can take a
11 long time. We're on not exactly a rocket docket, but there's a lot of push to get this case to a point
12 where we can propose a plan to everyone who's watching tonight, and other survivors.

13 **KENNEDY:** Yeah, John, I just wanna remind everyone that this is being recorded, and it will
14 be--at the end of this there will be a slide, so there will be an opportunity for anybody to go back
15 and watch it again and get any of the details.

16 **HUMPHREY:** Great. Matt, Kirk? Okay. Well, my parting thought is that we'll be doing
17 this next month again, and we want you to know we're tireless, and this is missional for the TCC.
18 We take the job very seriously. There's lots of unknowns, like these professionals have outlined,
19 but we will not rest until we have gotten the very best settlement from the BSA and its
20 constituents that we can. So with that, stay tuned, talk to you next month. Thanks, everybody.
21 Have a nice night.

22 **KENNEDY:** [Inaudible] everyone.
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2 I hereby certify that the foregoing is a true and correct transcription of the audiotape labeled
3 GMT20210115-005558_Boy-Scouts_2560x1440.

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Jo Norris

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