

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MINNESOTA**

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In re: Chapter 11 Case  
THE DIOCESE OF ST. CLOUD, a Case No.: 20-60337  
Minnesota religious corporation,  
Debtor.

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**APPLICATION TO EMPLOY MEIER, KENNEDY & QUINN, CHARTERED  
AS SPECIAL DEFENSE AND LITIGATION COUNSEL**

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TO: United States Bankruptcy Judge, the United States Trustee, and other parties in interest identified in Local Rule 2014-1.

The Diocese of St. Cloud (the “**Debtor**”), the debtor and debtor in possession in this case, filed a petition for reorganization under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) and requires the services of special defense and litigation counsel in the course of its case. The Debtor seeks to employ its existing defense and litigation counsel, Meier, Kennedy & Quinn, Chartered (“**MKQ**”), as special counsel to the Debtor in this case.

This application is supported by the *Unsworn Declaration of Thomas B. Wieser and Statement of Compensation* (the “**Wieser Declaration**”) attached hereto as **Exhibit A** and incorporate herein by this reference. In further support of this application, the Debtor represents as follows:

1. This court has jurisdiction over this application pursuant to 28 U.S.C. §§ 157(b) and 1334, Rule 5005 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Local Rule 1070-1. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The petition commencing this case was filed on Jun 18, 2020 (the “**Petition Date**”). The case is now pending in this court.

2. This application arises under 11 U.S.C. §§ 327(e), 328(a), and 329(a) and Bankruptcy Rule 2014. This Application is filed under Local Rules 2014-1 and 9013-4. The Debtor seeks an order authorizing the employment of MKQ.

3. MKQ represented the Debtor prepetition as litigation and defense counsel on various matters related to sexual abuse allegations, both before and after enactment of the Child Victims Act in 2013, including dozens of pending civil actions (collectively, the “**Litigation Cases**”). MKQ also served as defense counsel for the Debtor for claims that do not involve sexual abuse. Although a framework for a resolution of the Litigation Cases has been developed and all litigation is stayed as of the Petition Date, the Debtor requires MKQ’s assistance to investigate and evaluate unknown sexual abuse claims that may be asserted after the Petition Date and perform the other tasks set forth below. The Debtor will also require MKQ’s assistance in representing the Debtor in non-bankruptcy forums, including, filing any notices related to this case that may be required and appearing at any hearings regarding same.

4. The Debtor also seeks to continue MKQ’s employment for the following matters not related to the Debtor’s reorganization: (i) review of Debtor files on clergy accused of sexual misconduct, to the extent such files will be disclosed in the case; (ii) negotiate child safety protocols with attorneys representing survivors of sexual abuse; (iii) prosecute or defend non-bankruptcy litigation that may be necessary for the Debtor to carry out its duties; and (iv) perform such other tasks as may be required by the Debtor that are unrelated to administration of this case.

5. The Debtor does not employ any in-house attorneys and has consulted with MKQ on legal matters since 1988. The Debtor seeks authorization to continue this relationship and consult with MKQ’s attorneys from time to time, as necessary. MKQ is skilled and experienced

in representing clients in the types of legal matters listed above and has ongoing experience representing the Debtor in these matters.

6. If the Debtor is unable to retain MKQ as its special litigation and defense counsel, the Debtor and its creditors will be prejudiced because the Debtor will be unable to avail itself of the services of experienced and knowledgeable professionals it deems best suited to serve its needs.

7. The Debtor believes that MKQ's services will not unnecessarily duplicate the services that other professionals will provide to the Debtor in this case. MKQ is intimately familiar with the factual and legal issues in the Litigation Cases, other litigation matters, and the Debtor in general. All of the Debtor's professionals, including MKQ and the Debtor's Chapter 11 counsel, will use reasonable efforts to coordinate with the Debtor and other professionals to avoid the unnecessary duplication of services.

8. Based upon its experience and expertise as the Debtor's counsel for over thirty years and its knowledge regarding the Litigation Cases, MKQ's employment is necessary and in the best interests of the Debtor and its estate.

9. As described in the Wieser Declaration, attorneys' fees will be charged at MKQ's normal hourly rates, as follows:

Thomas B. Wieser, Esq.	\$310/hour
John C. Gunderson, Esq.	\$290/hour

10. The Debtor has reviewed the Wieser Declaration and believes that, except as disclosed in the Wieser Declaration, MKQ and the attorneys employed by it do not hold or represent any interest adverse to the Debtor or the Debtor's estate with respect to the matters for which MKQ will provide services and do not have any connection with the Debtor, its creditors, or any other party in interest.

11. Pursuant to Bankruptcy Code section 327(e), a debtor in possession is authorized to employ, for a specified special purpose other than to represent the debtor in possession in conducting the case, an attorney that has represented the debtor prior to filing the case. 11 U.S.C. § 327(e). Sections 101(14) and 327(e) of the Bankruptcy Code are modified by section 1107(b) of the Bankruptcy Code, which provides, in pertinent part, that “a person is not disqualified for employment under section 327 of this title by a debtor in possession solely because of such person’s employment by or representation of the debtor before the commencement of the case.” 11 U.S.C. § 1107(b). An attorney employed for a special purpose need not be “disinterested”; rather, the attorney must not hold or represent any interest adverse to the estate with respect to the matter for which it will provide services. 11 U.S.C. § 327(e)

12. The Debtor grants any waivers described in the Wieser Declaration.

13. Pursuant to section 328(a) of the Bankruptcy Code, the Debtor is authorized to employ professional persons “on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis.” 11 U.S.C. § 328(a).

14. In accordance with Bankruptcy Rule 2014(a), this Application and the Wieser Declaration set forth: (i) the facts establishing the necessity for MKQ’s employment; (ii) the reasons for the Debtor’s selection of MKQ as its special litigation and defense counsel; (iii) the professional services to be provided; (iv) the arrangements with respect to compensation and why such compensation is reasonable; and (v) to the best of the Debtor’s knowledge, the nature and extent of MKQ’s relationship with certain parties in interest in this case.

15. In the event the United States Trustee, the official committee of unsecured creditors, once formed, or any other party in interest objects to the employment of MKQ, the Debtor requests that the court schedule a hearing on this application.

16. No previous application has been made for employment of MKQ as special litigation and defense counsel.

17. This Application has been served on the parties set forth in Local Rule 2014-1(a).

WHEREFORE, The Diocese of St. Cloud requests entry of an order approving the employment of Meier, Kennedy & Quinn, Chartered as special defense and litigation counsel.

Dated: June 15, 2020.

QUARLES & BRADY LLP

*/s/ Susan G. Boswell*

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Susan G. Boswell (AZ Bar No. 004791)

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*Proposed Counsel for the Debtor*

# **EXHIBIT A**

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MINNESOTA**

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In re: Chapter 11 Case  
THE DIOCESE OF ST. CLOUD, a Case No.: 20-60337  
Minnesota religious corporation,  
Debtor.

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**UNSWORN DECLARATION OF THOMAS B. WIESER  
AND STATEMENT OF COMPENSATION**

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Thomas B. Wieser makes the following declaration in support of the application of The Diocese of St. Cloud (the “**Debtor**”) to employ Meier, Kennedy & Quinn, Chartered (“**MKQ**”) as the Debtor’s special litigation defense counsel (the “**Application**”) and in compliance with Bankruptcy Rule 2014(a) and Local Rule 2014-1(a).<sup>1</sup>

1. I am the president of MKQ. I am an attorney authorized to practice before the courts of the State of Minnesota and the United States District Court for the District of Minnesota, among others. I make this unsworn declaration in support of the Application.

2. No member of MKQ has ever been an officer or director of the Debtor, and no member of MKQ is an insider of the Debtor.

3. MKQ began working with the Debtor in 1988. Since that time, MKQ has provided legal services in a variety of areas.

4. Specifically, MKQ advised and represented the Debtor in connection with lawsuits involving allegations of sexual abuse prior to enactment of the Child Victims Act of 2013. MKQ

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<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Application.

also represented the Debtor in dozens of civil actions commenced after passage of the Child Victims Act concerning allegations of sexual abuse (collectively, the “**Litigation Cases**”).

5. MKQ seeks to continue representing the Debtor on the following matters not related to the Debtor’s reorganization: (i) review of Debtor files on clergy accused of sexual misconduct, to the extent such files will be disclosed in the case; (ii) investigate and evaluate unknown sexual abuse claims that may be asserted after the Petition Date; (iii) negotiate child safety protocols with attorneys representing survivors of sexual abuse; (iv) prosecute or defend non-bankruptcy litigation that may be necessary for the Debtor to carry out its duties; and (v) perform such other tasks as may be required by the Debtor that are unrelated to administration of this case.

6. As noted above, MKQ has represented the Debtor since approximately 1988. MKQ maintains a client database and has established internal practices and procedures to ensure that its representation of the Debtor complies with the relevant rules of professional conduct.

7. MKQ searched its conflicts database against a list of the Debtor’s unsecured creditors as of June 15, 2020, and creditors holding secured claims. Based on that search, to the best of my knowledge, MKQ does not hold or represent any interest adverse to the Debtor, its estate, any party in interest in this case, their respective attorneys or accountants, the United States Trustee, or any person employed in the Office of the United States Trustee, except as set out below. In addition, MKQ does not employ any person that is related to a judge of this court or the United States Trustee for this region, within the meaning of Bankruptcy Rule 2014, except as stated below:

a. In some of the Litigation Cases, certain Catholic parishes located in the geographic region served by the Debtor have been named as co-defendants with the Debtor. Prior to the Petition Date, MKQ jointly represented the Debtor and these parishes. MKQ no longer represents the parishes in the Litigation Cases.



b. MKQ also represents other Catholic organizations that are not located within the geographic region served by the Debtor, including the Archdiocese of St. Paul and Minneapolis, the Diocese of New Ulm, and non-diocese organizations including parishes and schools in the Diocese of Winona-Rochester. MKQ is unaware of any claims that these Catholic organizations may hold against the Debtor. To the extent these Catholic organizations hold a claim against the Debtor, MKQ has not, and will not, represent any such organization in connection with claims against the Debtor.

None of the above relationships constitute actual conflicts, but may be “connections” within the meaning of Bankruptcy Rule 2014 and are therefore disclosed. The Debtor has been advised of the above “connections” and has waived any conflicts.

8. There may be other persons within the scope of Bankruptcy Rule 2014 that, unknown to me, MKQ has represented in particular matters in the past. We agree not to represent such persons who are creditors or other parties in interest in this case while representing the Debtor, without further disclosure. MKQ agrees to update this disclosure information from time to time if and when additional parties with an interest in, or a relationship with, the Debtor are identified by the Debtor, in writing, to MKQ.

9. Except as the court may determine from the circumstances disclosed above, MKQ does not hold or represent any interest adverse to the estate, within the meaning of 11 U.S.C. § 327(e).

10. MKQ has been paid in full through the Petition Date.


11. The compensation agreed to be paid by the Debtor to MKQ for its representation is the hourly rates customarily charged by MKQ, plus expenses, all as may be allowed by the court. The hourly rates for the attorneys who will work on this matter are as follows:

Thomas B. Wieser, Esq.	\$310/hour
John C. Gunderson, Esq.	\$290/hour

12. MKQ has not shared or agreed to share with any other person, other than with members of the firm, any compensation paid or to be paid.

13. I declare under penalty of perjury that the foregoing is true and correct according to the best of my knowledge, information, and belief.

Dated: June 5, 2020

  
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Thomas B. Wieser

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MINNESOTA**

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In re:

Chapter 11 Case

THE DIOCESE OF ST. CLOUD, a  
Minnesota religious corporation,

Case No.: 20-60337

Debtor.

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**ORDER AUTHORIZING THE EMPLOYMENT OF MEIER, KENNEDY & QUINN,  
CHARTERED AS SPECIAL LITIGATION AND DEFENSE COUNSEL**

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At Minneapolis, Minnesota, June \_\_\_\_, 2020.

Based on the application filed on June 15, 2020, by the debtor in possession pursuant to 11 U.S.C. § 327(e);

IT IS ORDERED:

The employment by the debtor in possession of Meier Kennedy & Quinn, Chartered to represent the debtor in possession as its special litigation and defense counsel is approved.

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ROBERT J. KRESSEL  
UNITED STATES BANKRUPTCY JUDGE