

## **Information on Court Filings by Southern Cone Group**

On January 20, 2009, the attorneys for former Bishop Duncan and other former leaders of the Diocese who now regard themselves to be affiliated with the Anglican Province of the Southern Cone filed three motions with the Court of Common Pleas of Allegheny County seeking to oppose the “Request to Special Master” that had been filed jointly by the Diocese and Calvary Episcopal Church on January 8, 2009. A copy of the news release describing the Diocesan filing of January 8 can be found at <http://www.episcopalpgh.org/access-to-funds/>

This posting will briefly explain these motions by the attorneys for the Southern Cone group.

The first motion filed by the Southern Cone attorneys is a “Motion to Strike Praecipe for Entry of Appearance.” This motion contends that the Diocese is a “newly-created diocese” that was formed by the Special Convention held on December 13, 2008, and that the Diocese must file a motion with the Court to intervene in the pending litigation before our attorney can enter an appearance or file papers with the Court in the case. Our Diocese, however, is not a “newly-created” Diocese. Both the Presiding Bishop and the Executive Council of the Episcopal Church have determined that our Diocese is the rightful continuation of the Episcopal Diocese of Pittsburgh. While the Southern Cone group disputes that point, the Court (Judge Joseph James) was well aware of that dispute when he requested, in open court on October 23, 2008, that our Chancellor enter his appearance in the litigation on behalf of the Diocese.

The second motion filed by the Southern Cone attorneys is a “Motion to Restore and Preserve Status Quo and Preclude Interference with Diocesan Property.” This motion was evidently prompted by the decision of Morgan Stanley, the investment

manager of the Diocesan endowment funds, to refrain from permitting any further distributions from the Diocesan accounts until the Court decides who is entitled to ownership and control of the accounts. This decision by Morgan Stanley, which was apparently communicated to the Southern Cone group on January 13, 2009, and which our Diocesan leaders were not aware of until the Southern Cone motions were served on January 20, 2009, is a common response of a third party asset manager when there is a bona fide dispute as to ownership and control of the assets under their management. The Southern Cone group is not alleging financial hardship due to this decision by Morgan Stanley, only that this interferes with their ability to run their “diocese” as they have in the past. This motion wrongly alleges that Morgan Stanley’s decision to freeze the accounts was the result of our “Request to Special Master,” but that is not the case to our knowledge. Our Chancellor had written a letter to Morgan Stanley on November 20, 2008, to make sure they were aware of the dispute involving the Diocesan funds under their management, to request information regarding the accounts, and to request that they not make any distributions to anyone claiming to be the Episcopal Diocese of Pittsburgh without first informing us. This letter did not ask that the funds be frozen, but it did point out the need for safeguards to ensure that all Diocesan assets are preserved and protected to the greatest extent possible until the disputes among the parties are resolved. Morgan Stanley’s decision to freeze these accounts, of course, provides such a safeguard.

This second Southern Cone motion also alleges that Morgan Stanley’s freezing of the accounts has affected the assessments of parishes that have chosen to be part of the Southern Cone group. While we do not agree that parishes can leave the Diocese or The Episcopal Church, we do recognize and respect the rights of individuals to do so,

and to provide ongoing financial support for the churches of their choice. We do not claim ownership of those post-separation contributions to the Southern Cone group, and believe that issue can be resolved by discussions between the attorneys.

The third Southern Cone motion is a “Motion to Strike Request to Special Master and Notice to Plead.” Rather than answering the Diocese's court filing paragraph by paragraph, the Southern Cone group is asking the Court to strike it as improper. This filing repeats their argument that we are a “New Diocese” and that they are the continuation of the Episcopal Diocese of Pittsburgh. They make no attempt to explain how that can be the case when they disclaim any further affiliation with The Episcopal Church, and when the Presiding Bishop and the Executive Council of The Episcopal Church have both determined that we, and not they, are the continuation of the Diocese. This filing also argues that any rulings on our “Request to Special Master” must be decided by the Court, and not by the Special Master. We believe our request was properly addressed to the Special Master, but ultimately the Court will determine the role of the Special Master.

A due date has not yet been set for the Diocese's formal responses to these motions.