

Delaware Catholic diocese files for bankruptcy

Adelle M. Banks Religion News Service | Oct. 19, 2009

The Catholic Diocese of Wilmington, Del., has become the seventh U.S. diocese since the clergy sex abuse scandal broke in 2002 to file for Chapter 11 bankruptcy protection, its bishop announced Sunday, Oct. 18.

The action, taken just before a trial was to begin Monday involving eight cases against the diocese, was for the benefit of victims of sexual abuse, Bishop W. Francis Malooly said in a statement. "... filing for Chapter 11 offers the best opportunity, given finite resources, to provide the fairest possible treatment of all victims of sexual abuse by priests of our diocese."

Malooly said he had hoped the diocese could reach a settlement with more than 140 claimants.

"Our concern throughout the negotiations was that too large a settlement with these eight victims would leave us with inadequate resources to fairly compensate the other 133 claimants, and continue our ministry," the bishop said.

Thomas Neuberger, a lawyer representing dozens of people with claims against the diocese, called the bankruptcy filing a "desperate effort" to conceal information about abuse.

"This filing is the latest, sad chapter in the diocese's decades-long 'cover-up' of these despicable crimes, to maintain the secrecy surrounding its responsibility and complicity in the sexual abuse of hundreds of Catholic children," Neuberger said in a statement.

In his announcement, Malooly denied that was the intent of the bankruptcy filing.

"The Chapter 11 filing is in no way intended to dodge responsibility for past criminal misconduct by clergy -- or for mistakes made by diocesan authorities," he said.

Catholic New Service adds:

WILMINGTON, Del. (CNS) -- Bishop W. Francis Malooly of Wilmington announced Oct. 18 that the diocese has filed for Chapter 11 reorganization under the U.S. Bankruptcy Code in order "to provide the fairest possible treatment of all victims of sexual abuse by priests of our diocese."

"This is a painful decision, one that I had hoped and prayed I would never have to make," he said in a statement. "However, after careful consideration and after consultation with my close advisers and counselors, I believe we have no other choice."

He said that, given the diocese's "finite resources," the bankruptcy filing offers "the best opportunity" to compensate abuse victims.

"Our hope is that Chapter 11 proceedings will enable us to fairly compensate all victims through a single process established by the bankruptcy court," he said.

The bishop explained that the diocese was engaged in negotiations regarding eight cases that were to go to trial Oct. 19, but the parties could not reach a settlement.

"Our concern throughout the negotiations was that too large a settlement with these eight victims would leave us with inadequate resources to fairly compensate" other claimants, numbering 133, he said.

The bankruptcy filing "is in no way intended to dodge responsibility for past criminal misconduct by clergy -- or for mistakes made by diocesan authorities," Bishop Malooly said.

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