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New Mexico diocese begins bankruptcy process

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The diocese of Gallup, N.M., has formally started the process of bankruptcy, citing the costs incurred by a growing number of sex-abuse claims.

On Nov. 12, the diocese filed for Chapter 11 reorganization in the U.S. Bankruptcy Court in Albuquerque, N.M., Bishop James Wall said in a letter to parishioners that was posted on the diocesan website Nov. 11.

"In early September I told you that I had made the decision that the only way to equitably and mercifully deal with the mounting sex abuse claims, still meet our commitment to you and continue the outreach mission of the Church was to file a Chapter 11 reorganization in the United States Bankruptcy Court. Since that time, we have been preparing for the filing," Wall said in the letter. "I wanted to tell you that the Chapter 11 filing will occur on Tuesday, November 12."

Wall was referring to a letter he'd written over the Labor Day weekend spelling out the need for financial reorganization for the diocese, especially in light of sex-abuse claims related to cases the diocese says took place "40 or 50 years ago."

"While some of the claims relate to times when the diocese had some insurance, many relate to times when the diocese does not appear to have had insurance or the insurance is limited and not likely to cover the damages for which the diocese might be found liable," Wall wrote in September. "Given the financial circumstances of the diocese, I have come to the conclusion that the only fair, equitable and merciful way to balance these obligations is by filing a Chapter 11 reorganization."

The diocese has set up a page on its website (voiceofthesouthwest.org) to carry information and updates on the bankruptcy proceedings. "The process of Chapter 11 will open our Diocese to unprecedented public scrutiny which I believed would be a good thing," Wall said in his Nov. 11 letter.

But Phoenix lawyer Robert Pastor, who has filed 13 clergy sex abuse lawsuits against the diocese, told the Gallup Independent newspaper in an email that the diocese took longer than originally planned to file for reorganization, a move that will delay those cases.

"I hope that the Diocese of Gallup will disclose the files and names of pedophile priests," Pastor said. "Perhaps we should all pray for Bishop Wall, that he may find the meaning of true leadership and courage so that he can bring healing to victims instead of protecting the identities of those who hurt children."

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