

Bankruptcy eyed to help abuse victims

Joel Donofrio/CNS

IOWA CITY, Iowa — Davenport Bishop William E. Franklin has raised the possibility of the diocese filing for Chapter 11 bankruptcy under the U.S. Bankruptcy Code and discussed other potential financial fallout from the clergy sex-abuse crisis.

The financial issues were discussed during a special meeting Sept. 30 with parish leaders from across the diocese.

"No decisions have been made, but I didn't want to wait any longer before calling to your attention the amount of information that we have," Bishop Franklin said during the gathering at St. Patrick Church in Iowa City.

"What I'm trying to do is start an important conversation with the leaders of the Diocese of Davenport," the bishop added.

About 250 priests and lay members of parish corporate boards heard the bishop frankly discuss what he called "a unique moment in the life of the Diocese of Davenport."

Bishop Franklin described how,

during six days in September, he and members of the diocesan board met with more than 30 people who came forward to report having been sexually abused by clergy.

"That alone should make you cry," the bishop said. "We listened closely to their stories — stories that are very compelling and tragic."

"We expressed to the victims that we are truly sorry and that the abuse was not their fault, and we assured them that we are doing our best to keep this from ever happening again," he added. "The survival of our church depends on a future where abuse is not tolerated."

The focus of those September meetings was on healing, not money, Bishop Franklin said. But in recent weeks, the diocese has learned the amount of compensation being requested by victims through their attorney.

"(Diocesan) financial resources are limited. They are not adequate to compensate the victims for the amounts demanded," Bishop Franklin said. "Because many of

these instances happened 30 or more years ago, insurance coverage is either unclear or nonexistent."

He said the diocese has also learned that there are many more who have been harmed, primarily by three former diocesan priests. The diocese is attempting to complete the mediation and settlement process with the claimants before Nov. 1.

"The diocese will make every effort to settle these cases, but you must know that Chapter 11 bankruptcy may be the only way to fairly compensate all of the victims — both those who have come forward and those who have yet to do so," Bishop Franklin told the group of parish leaders.

He noted that two other dioceses in the United States — the Archdiocese of Portland, Ore., and the Diocese of Tucson, Ariz. — have filed for Chapter 11. However, this action did not occur until each diocese paid settlements in the millions to victims of abuse, he said.

"Both dioceses have said they wish they would have taken bankruptcy in the first place," Bishop

Franklin said.

The Diocese of Davenport wants to fairly compensate all victims, the bishop said, not just the first ones to come forward.

If bankruptcy becomes necessary — and Bishop Franklin added that he hopes it does not — the Davenport Diocese would continue to function, although with scaled-down operations.

Davenport's St. Vincent Center, which houses diocesan offices and residences for some retired priests, may need to be sold, forcing the diocese to move its headquarters and the retired priests to move.

Assets owned by the diocese would be submitted to the court as part of a plan of distribution over a period of years, Bishop Franklin said.

"Because the parishes are separate corporations, we believe they are not assets of the diocese and should not be taken in the bankruptcy," he added. "But, the attorneys for the claimants dispute this. They may claim, as they have elsewhere, that the parish assets are available to them."



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