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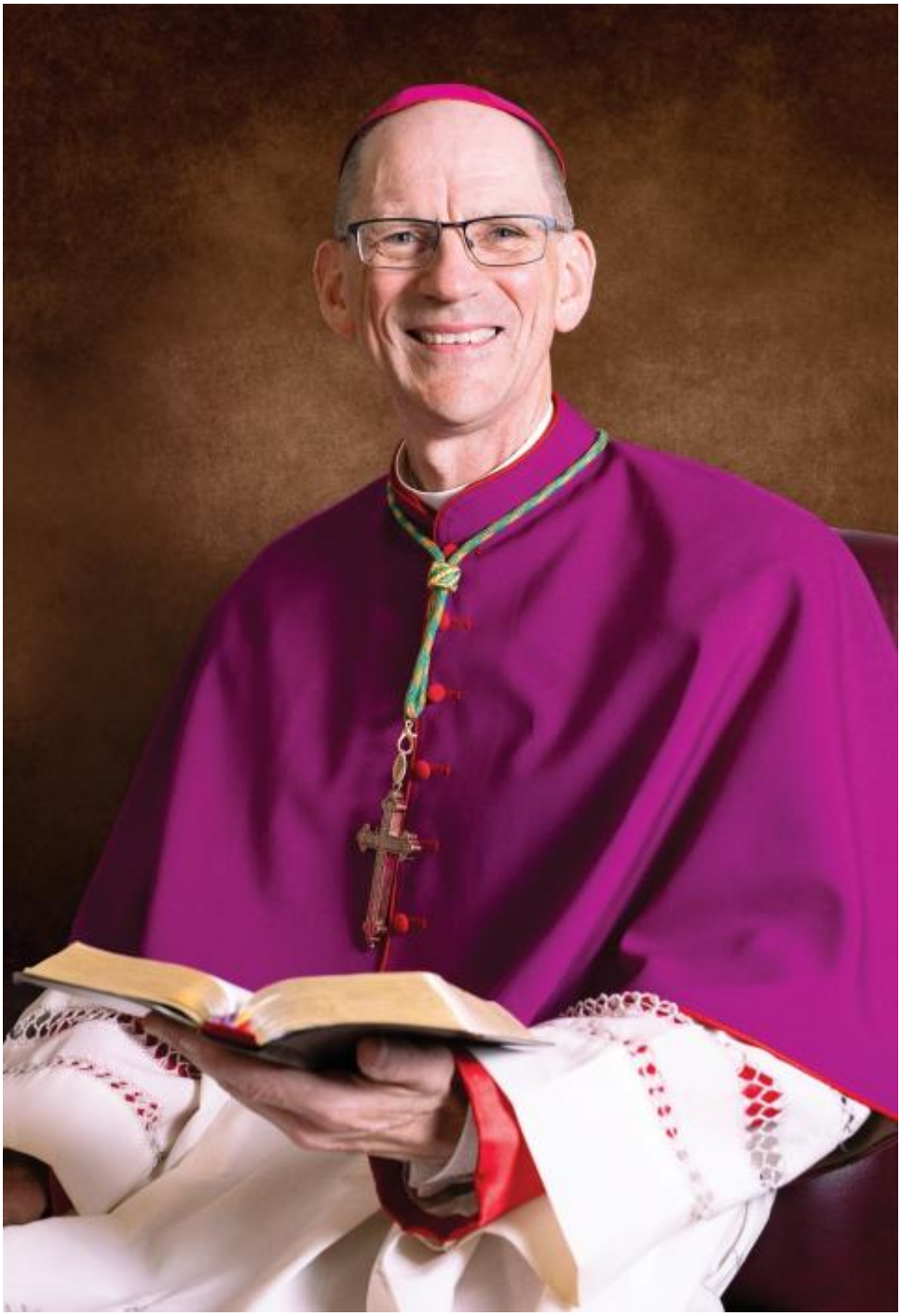
The Diocese of Burlington, Vermont, has filed bankruptcy, following several previous rounds of abuse claim settlements over the past 14 years, and is facing more than two dozen additional civil court claims with few resources left to compensate alleged victims.

Bishop John J. McDermott announced the filing "with a heavy heart" in an Oct. 1 video message and letter posted to the diocesan website, saying the decision to file for Chapter 11 protection had been made "following an extensive period of prayer and consultation."

He stressed that the bankruptcy filing "involves only the Roman Catholic Diocese of Burlington" and "does not include" the diocese's 63 parishes "and other associated agencies," adding that he hoped "the process will have little impact upon our parishes and ministries."

According to the bishop's Sept. 30 affidavit to the bankruptcy court, the diocese's parishes in 2006 were redesignated under Vermont civil law as charitable trusts, having previously been part of the diocese's "corporate sole structure" since 1896.

Even prior to the change, "each of the individual parishes operated … as separate and distinct entities," with separate tax identification numbers, said McDermott in his affidavit.



Bishop John J. McDermot of Burlington, Vt., pictured in an undated photo, says the diocese has filed bankruptcy to adequately resolve new wave of sex-abuse lawsuits filed against it. (OSV News file/courtesy Diocese of Burlington)

At the same time, "I cannot guarantee that these separate entities will not have to contribute to the final reorganization plan," he cautioned in his Oct. 1 announcement.

Lookback laws, which lift statutes of limitation, and an increasing reluctance of insurance firms to cover sex abuse claims have created a kind of "perfect storm" for diocesan finances across the country, with multiple dioceses throughout the nation filing for Chapter 11 reorganization over the past few years to cover the cost of settlements.

McDermott said in his Oct. 1 message that the Diocese of Burlington was currently facing "more than 25 additional legal claims related to abuse which occurred between 40 to 60 years ago," due to Vermont's 2019 removal of the statute of limitations for cases involving the sexual abuse of minors.

In addition, said the bishop, "the lack of a statute of limitation means that the diocese could face additional cases in the future with no way to fund settlements or pay jury awards for trials."

At present, the diocese has "very limited unrestricted diocesan funds, little diocesan property to sell, and likely no insurance coverage to help toward these settlements," said McDermott.

To date, "the diocese has spent tens of millions of dollars in settlement and legal fees to meet the obligations to survivors of this past abuse," he said.

In 2010, the diocese settled 29 lawsuits for more than $20 million, selling several properties — including its former chancery office — and the diocese's 26-acre lakefront Camp Holy Cross, which Vermont businessman Bruce Barry purchased in 2012 with the intention of building upscale homes on the site.

McDermott said in his message that the 2010 settlement had also been "aided by some insurance funds."

In 2013, the diocese "once again was facing multiple lawsuits and reached an agreement to settle 11 cases for $6.75 million," he said.

However, he said, "in this instance, the diocese committed to forfeit any claim of insurance coverage for allegations of sexual abuse by clergy, which occurred in the

1970s."

Since the 2019 lifting of the statute of limitations, the diocese has settled "20 cases at a cost of more than $4.5 million," funded by "using the unrestricted investments of the diocese and its regular operating funds," said McDermott, commending the "faithful leadership" of his predecessors now-Archbishop Christopher J. Coyne of Hartford, Connecticut and Bishop Salvatore R. Matano of Rochester, New York, in meeting "these significant responsibilities while maintaining diocesan ministries and without impacting parish properties or assets."

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As part of its Chapter 11 filing, the Diocese of Burlington asked the court to seal certain documents, including portions of its financial statement and "other pleadings and documents that identify information of individuals" who have notified the diocese in any way of alleged sexual abuse.

"The Survivors should not be forced to make their identities public in order to participate in this case," said the diocese, while noting it had "no objection" if some survivors revealed their identities publicly.

McDermott said in his affidavit that the diocese had to date "publicly disclosed 40 priests with credible claims of sexual abuse of a minor," noting that "most of these incidents of sexual abuse of a minor occurred between 1950 and 1980.

"All of the individuals accused of sexual abuse have been permanently removed from ministry and 30 are deceased," he said in his affidavit.

Since 2002 — when the Burlington Diocese, like the rest of the nation's dioceses, implemented the U.S. Conference of Catholic Bishops' "Charter for the Protection of Children and Young People" — "there has only been one credible and substantiated claim of abuse, which involved an 18-year old who formed an emotional relationship that began when the victim was a minor," McDermott said in his affidavit. "There are no priests in ministry within the Diocese who have had a credible and substantiated allegation made against them."

In his Oct. 1 message, McDermott said, "While my heart is heavy with the decision to pursue Chapter 11 reorganization, such weight pales in comparison to the pain suffered by victims of abuse. … For that and for every aspect of dealing with the crimes of these clergy, I sincerely apologize. This chapter in the Church's history is horrific and the harm it has caused immeasurable."

He encouraged survivors to contact the diocese's victim assistance coordinator, and called for prayer for "all those who have suffered sexual abuse by members of the clergy."

"Let us invoke the intercession of Mary, our patroness, under the title of the Immaculate Conception and of St. Joseph, her devoted spouse, as we move forward remembering that God alone suffices," said McDermott.