

Franciscan Friars of California File for Chapter 11 Bankruptcy

**Press Release from... Franciscan Friars of California, Inc.
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The Franciscan Friars of California, Inc. today announced they have filed for Chapter 11 Bankruptcy. The petition for Chapter 11 Bankruptcy protection was filed by Robert G. Harris, Esq., of the Santa Clara-based firm of Binder Malter Harris & Rome Banks, LLP on behalf of the Franciscan Friars of California, Inc. on Dec. 31, 2023 in the United States Bankruptcy Court Northern District of California Oakland Division. The filing came about two months after the organization announced (on October 17) that it was considering Chapter 11 Bankruptcy.

The Franciscan Friars of California filed the Chapter 11 Bankruptcy petition to address 94 child sexual abuse claims filed as the result of state laws that allowed abuse survivors to file decades-old complaints that were otherwise time-barred or expired under the state's statute of limitations. All of the claims are based on abuse that allegedly occurred at least 27 years ago, with several claims dating back to the 1940s. Almost all of the claims were filed in California. Most of the friars named in the claims are deceased. Of the six living friars, all have been long-removed permanently from all public ministry and ministerial environments, and are living under strict third-party supervision.

Bankruptcy is the only path to ensuring "just financial compensation" for all abuse survivors, according to Fr. David Gaa, OFM, provincial minister of the Franciscan friars. The Franciscan Friars of California consulted with financial, legal, and other experts to determine viable options to equitably compensate all survivors who filed claims of alleged child sexual abuse against the organization.

"The care of abuse survivors is our foremost concern and has always been at the core of our response. As a result of the state's most recent temporary suspension of the statute of limitations, we were overwhelmed by the number of cases filed, both in terms of the human cost and in our ability to fairly compensate all abuse survivors," explained Fr. Gaa.

"After consulting with our legal and financial counsel, we have concluded that litigation costs and potential liability would exceed our limited financial capacity – and, therefore,

pursuing Chapter 11 Bankruptcy is the only viable path to ensuring just, equitable, and compassionate compensation for all abuse survivors,” Fr. Gaa further explained, adding, “A process supervised by the Bankruptcy Court can resolve a multitude of claims efficiently, in a timely manner, and with equity.”

Fr. Gaa said that bankruptcy courts are not only expert at marshalling available assets, but bankruptcy prevents abuse survivors from having to race each other to get the earliest claims settled or brought to judgment before the defendant’s financial resources are exhausted. Moreover, he said, bankruptcy judges can help force insurers to honor the policies they wrote, generating an overall pool of additional money to fairly compensate abuse survivors, even those whose claims date to the 1940s, 50s or 60s, when little insurance was in place and many policies can no longer be found.

The Franciscan Friars of California set the standards of transparency more than 30 years ago with their efforts to confront the clergy sexual abuse crisis head-on, publicly addressing the issue in 1992 – long before other religious orders and dioceses – and later by leading the way for religious groups in California by settling the many cases filed in 2003, the first time the California legislature lifted the statute of limitations for filing time-barred sexual abuse claims. The Franciscan Friars of California was the first major religious institution to settle its cases, creating a precedent not only by taking financial responsibility, but also by making the religious superior available to meet directly with abuse survivors, who wished to do so, to express deep regret for the horrific sexual abuse committed by friars.

The Franciscan Friars of California also led by implementing safe environment policies for education, awareness and screening – addressing all abuse claims in a serious and respectful manner no matter when the alleged misconduct occurred, or whether an accused friar is living, deceased, or no longer a friar. They were among the first religious orders to publish a disclosure list of credibly accused friars, and to provide compassionate assistance to abuse survivors through therapy and compensation.

The Franciscan Friars of California are members of the United States Conference of Catholic Bishops’ national compliance system, and abide by the standards of accountability and transparency of the Conference of Major Superiors of Men. Their sexual abuse protections and response policies and procedures are evaluated periodically and have consistently received accreditation by Praesidium Inc., an independent nationally recognized authority that reviews personnel files and safe environment policies of private and public organizations.

“I am deeply saddened by the sinful acts committed and the damage caused to abuse survivors – then only children – who put their trust in friars. No apology or any amount of financial compensation can reverse the harm, but perhaps abuse survivors will find some solace in knowing that we are acknowledging their pain and that they are important to us. We look forward to this Chapter 11 Bankruptcy process resulting in equitable and compassionate compensation – and by the grace of God, will bring peace and healing for abuse survivors in these cases – and for all survivors of clergy abuse,” Fr. Gaa said. #

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