



Financial Accountability Report

Sexual Abuse Settlements and Support for Priests on Administrative Leave or Laicized

**Most Reverend Frank J. Caggiano
Bishop of Bridgeport**

October 30, 2018

GENERAL INTRODUCTION

The Diocese of Bridgeport (“Diocese”) was established in 1953, when the territory of Fairfield County was separated from the Archdiocese of Hartford and established as its own diocese. There are approximately 430,000 Catholics living in the Diocese which encompasses all the towns and municipalities in Fairfield County. The Diocese currently includes 82 parishes, 26 schools and several other related ministries.

There have been five Diocesan Bishops since the inception of the Diocese: Lawrence Shehan, Walter Curtis, Edward Egan, William Lori and the current bishop, Frank Caggiano. Over 1,000 priests and 175 deacons have been incardinated and served the people of the Diocese of Bridgeport since 1953. During its history, the Diocese has also hosted many priests for temporary assignments and international priests as visiting clergy.

The purpose of this financial report is twofold: (1) to report on settlement amounts for past claims of clergy sexual abuse of minors from the establishment of the Diocese to date, including the sources from which the money was obtained to settle those claims; and (2) to provide a verified account of the financial support currently provided by the Diocese, and the source of that support, to any priest who has been credibly accused of sexual abuse of a minor, all of whom are either on administrative leave or have been laicized. Information provided in this report concerns claims that resulted in financial settlements.

While this report documents the significant financial impact of the clerical sexual abuse crisis on the Diocese of Bridgeport, it doesn’t begin to calculate the suffering and loss of victims and their families, the betrayal of innocent children, and the disillusionment that many have experienced toward Church leadership as a result of the crisis.

This document is offered in a spirit of transparency and accountability as part of a much larger plan of reparation that includes the many spiritual, pastoral and administrative responses to the crisis announced by Bishop Frank J. Caggiano in September 2018.

A full accounting that addresses sexual abuse of minors by clergy in the Diocese of Bridgeport along with the response of Church leadership to that abuse will be released in the Spring of 2019 at the conclusion of the Clerical Sexual Abuse Accountability Investigation, which is being led by Retired Connecticut Superior Court Judge Robert Holzberg.

With the release of this Financial Accountability Report it is hoped that it will be received as another important measure in the overall reparation made by the Diocese and also a step forward in financial transparency that is required to restore trust.

The sexual abuse crisis has had a profound impact on the Diocese of Bridgeport. In the years following the adoption of the *Charter for the Protection of Children and Young People* in June 2002, which established policies and procedures for both dealing with allegations of abuse and ensuring the protection of children and young people in the Church, the Diocese has faced many claims related to historic sexual abuse of minors by clergy. This report presents the information related to all claims that have been settled, including those that were

brought before the creation of the *Charter* and those that have come forward to the present day.

Part One: Financial Summary of Sexual Abuse Settlements

A. Background Information

With a few exceptions, the majority of settlements described in this section of the report were the result of negotiated resolutions between the Diocese and victims/survivors of abuse or their legal counsel. Other settlements were resolved using either judges or experienced mediators. One claim was tried, resulting in a judicial decision on liability and damages. While many of the cases came to the Diocese through their attorneys, some survivors or their families brought their claims directly to the Diocese.

It has always been the goal and intention of the Diocese not to use any of the unrestricted revenues derived from the Annual Bishop's/Catholic Appeal, the annual *cathedraticum* (i.e., the diocesan assessment on parish revenue) and other contributions and bequests for the payment of settlements or expenses related to settlements. Rather, these funds have been intended to support the ministry of the Church and Diocesan programs, administration, communication and development. As this report details, the vast majority of the cost of settlements (approximately 92%) has been supported by the sale of diocesan property, insurance recoveries and other co-defendants. Further, since 2014, additional procedures have been implemented to ensure that no funds from the Annual Catholic Appeal, *cathedraticum* or other contributions have been used for settlements or the expenses related to these settlements.

Settlement payments were supported from the sale of diocesan property, insurance recoveries, certain other revenues¹, and co-defendant payments. The properties that were sold and the other revenues were part of Diocesan patrimony (i.e., assets) of the Church. The Diocese acknowledges that absent the need to pay out these claims, the revenue sources used to pay these settlements would have been used to support the broader mission of the Church.

In addition to the settlement payments, the Diocese also incurred legal fees and expenses for litigation, mediation and negotiation of these settled claims, which are not detailed in this report. However, since the early 1990s, the Diocese has incurred approximately \$6.5 million for legal fees on abuse claims that were not otherwise paid directly by insurers or reimbursed by insurers. The Diocese has utilized consolidation of cases, global settlements, magistrates as mediators, private mediation and cooperative settlement discussions outside of litigation in settling these claims.

¹ Available information from 2003 related to past settlement payments indicates that approximately \$4.2 million of these funds was derived from returns on investments.

B. Methodology

The Diocese closely reviewed settlement agreements, related correspondence, legal files, insurance records and settlement history information to compile a comprehensive summary that includes:

- the date (or period) when the alleged abuse occurred
- the accused priest or deacon
- the settlement amounts
- the date (or period) the settlement was paid
- other contributions (insurance, co-defendants, accused) to the settlement

Once this summary was compiled, available financial information was reviewed including all available electronic and accounting general ledger records, as well as supporting documents from insurance companies. Other financial information examined included records related to contributions to settlements, including co-defendants and others who may have been involved in the claim in some way and who participated in settlements with the Diocese. For example, if an accused priest was part of a religious order, the religious order was brought into the settlement discussions and may have contributed to these settlements.

This report summarizes the sources from which settlements were paid over the history of the Diocese. One such source is deemed “other revenue.” Previous Diocesan statements indicate that these funds came from returns on investment of Diocesan assets. Due to the limited detailed financial information that is available for the period when these settlements were paid, it is not possible to verify the returns on investments. Therefore, these funds are categorized as “other revenues” to remain fully transparent with regards to the actual funding that was used to support these payments over time.

C. Executive Summary

The following points summarize the major findings of this section of the report:

- Total settlement amounts paid by the Diocese since 1953 are \$52.5 million.
- Of the \$52.5 million paid, \$27.7 million was from sale of properties, \$19.5 million was from insurance recoveries; \$4.2 million was from other revenues, and \$1.1 million was from other contributors (i.e., religious orders or other dioceses).
- \$31.9 million of the total paid came from Diocesan assets after insurance and other contributions.
- 97.7% of the settlements paid relate to claims of abuse that occurred before 1990.
- 95.4 % of the settlement amounts were paid after 2000.
- The \$52.5 million payments represent 156 settled claims and the average settlement payment was \$337,000.
- 87.8% of the settlement amounts paid and the majority of the 156 settled claims were attributable to twelve credibly accused priests.

- In addition to these settlement payments, the Diocese estimates that legal fees associated with these settlements that were not paid for directly by insurers or reimbursed by insurers were approximately \$6.5 million.

D. Detailed Findings Regarding Settlement Payments

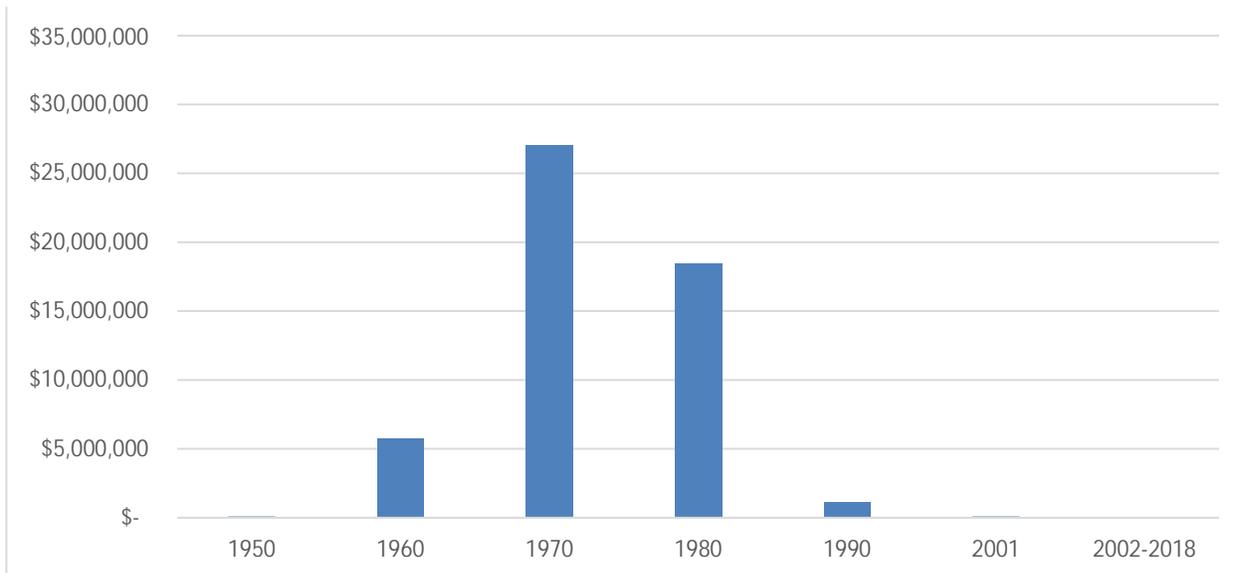
i. Total Settlements

The Diocese has paid settlement amounts totaling approximately \$52.5 million for 156 allegations of abuse since the inception of the Diocese in 1953 through the date of this report.

ii. Settlements Categorized According to the Date that the Abuse Occurred

This analysis determined that 97.7% (\$51.3 million) of the settlements paid were for allegations of abuse that occurred before 1990. One settlement is for alleged abuse of a minor that occurred after the year 2000. The following chart shows the settlements paid based on when the alleged abuse occurred.

iii. Settlement Amounts Based on Decade when the Abuse Occurred

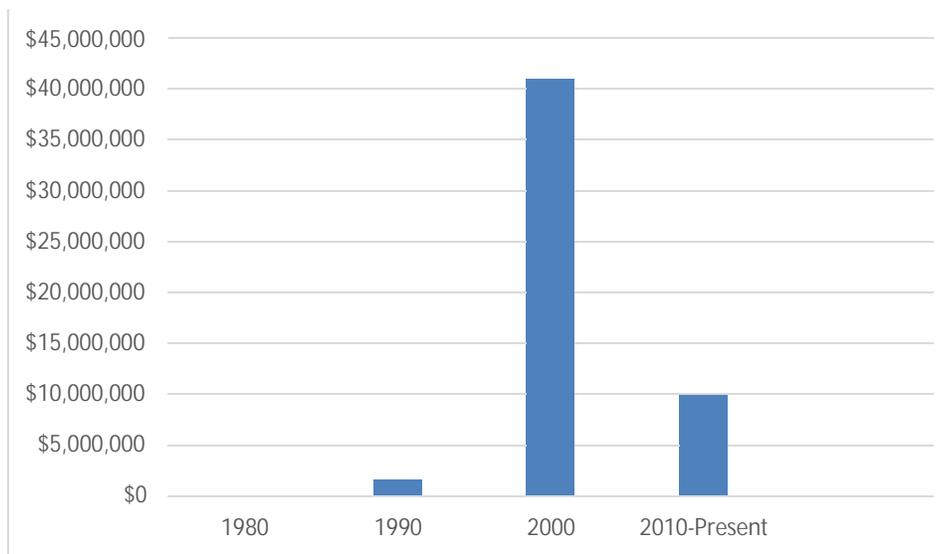


iv. Settlements Categorized by the Date the Settlements were Paid

Since the majority of claims of sexual abuse were not brought forward until the early 2000s, the claims from abuse that occurred many years earlier were mostly settled after 2001. Settlement payments for claims were paid by the Diocese during the following periods:

- 1989-2001 \$13.4 million
- 2002-2013 \$34.7 million
- 2014-2018 \$ 4.4 million

v. Settlement Amounts Based on Decade Payment was Made



vi. Settlement Amounts Attributable to Clergy with Multiple Allegations

This analysis determined that 87.8% (\$46.2 million) of the settlements paid and the majority of the claims settled were for allegations of abuse that can be attributed to twelve priests with multiple allegations and claims against them.

In particular, one priest has claims that resulted in payments of \$11.9 million. The names of all these accused priests appear on the credibly accused list on the Safe Environment section of Diocesan website (www.bridgeportdiocese.com).

Of the 156 claims settled, individual settlement amounts paid to victims range from \$3,000 to \$1,425,000. The average settlement payment was \$337,000.

It is important to note that the amounts paid for cases of past abuse depended in large part on three factors: the severity of the alleged abuse, the duration of time that the victim was subject to the abuse, and the prior history of claims against the individual accused.

Summary of Sources of Settlement Payments

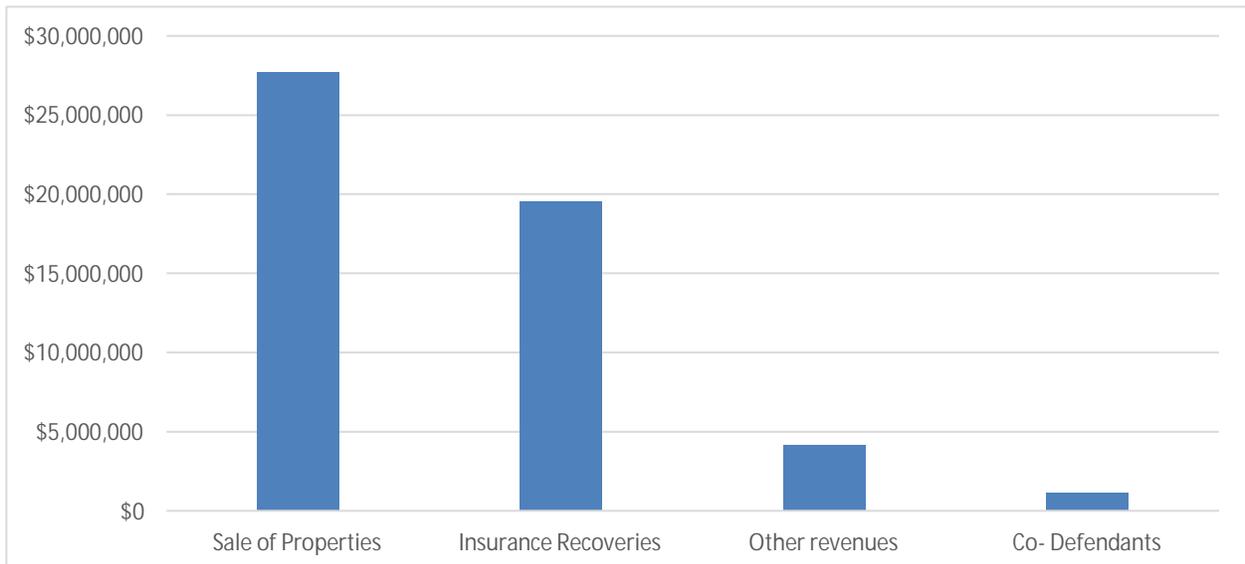
Based upon a payment history review, the source of settlement payments are as follows:

Sale of properties	\$ 27.7 million
Insurance recoveries	\$ 19.5 million
Other revenues	\$ 4.2 million
Co-defendants	<u>\$ 1.1 million</u>
Total settlement payments	<u>\$ 52.5 million</u>

The review of past financial payments determined that during certain periods, borrowings from available bank lines of credit were utilized to pay settlement claims and were repaid upon receipt of proceeds from property sales.

The review of the available financial data and legal and accounting records were performed with the single goal to provide full transparency in disclosure of all findings and settlements, despite the difficulty that not all past supporting documents and accounting transactions were located. The information disclosed in this report is full and accurate based on all available data.

Sources of Settlement Payments



Part Two: Current Financial Support for those Credibly Accused and on Administrative Leave or Laicized

A. Background

The Church has always been committed to care for the temporal needs of her priests. According to the *Code of Canon Law*, priests are entitled to reasonable material care to enable them to carry out their ministry in a manner suited to their circumstances (canon 281 §1). In the Diocese of Bridgeport, each priest in good standing receives a monthly stipend, a retreat and study allowance, medical, dental and automobile insurance coverage, and an annual payment into a priest pension plan. The approximate total annual compensation is \$50,000 per priest.

When a priest has been removed from ministry for whatever just reason, the *Code* requires that the Church provide him with those things necessary for decent support (canon 1350 §1). No priest is ever to be left destitute. The rationale for this requirement comes from the demand of charity as found in the basic commandments of the Gospel. Furthermore, when a priest has been laicized, which means that he is no longer bound by his priestly promises and no longer ministers as a priest, the *Code* requires the local Church “in the best manner possible” and in charity to provide basic care for him if he is truly in need (canon 1350 §2). Whenever possible, pension, Social Security and other sources of income or assistance are taken into consideration to fulfill this canonical requirement.

Given the different personal circumstances that each accused priest may face, a bishop must seek to interpret this canon as prudently as possible. In the Diocese of Bridgeport, any financial assistance provided over the years to accused priests has been in part a bridge for them to achieve financial self-sufficiency. The Diocese has also been vigilant in assessing the needs of these priests and former priests and has systematically reduced this financial support over the time since these priests were removed from ministry or laicized.

B. Methodology

The methodology used to compile this section of the report was as follows: (i) review and summary of the canonical basis for the ongoing support of priests who are not in active ministry, including priests who have been laicized; (ii) compilation of the data on priests on administrative leave and laicized priests who have been credibly accused of sexual abuse of a minor and who were receiving some form of Diocesan support, including stipends and pensions; (iii) review of the steps taken over time to adjust the support given to these individuals and the rationale for these adjustments; and (iv) confirmation through review of accounting records of both the current financial support being given to these priests, both individually and as a group, as well as review and confirmation of the timing for reductions or elimination of this support and review of the substantive basis for any continued support for individual priests.

C. Executive Summary

The following points summarize the major findings of this section of the report:

- Eight credibly accused priests who are still alive are receiving between \$1,319-\$1,466 per month in support, which comes from proceeds from the past sale of Diocesan properties.
- Based on the required submission of three years of tax returns in 2016 by credibly accused priests, financial support was reduced.
- In 2018, a total of \$135,460 in support payments will be paid to eight credibly accused priests.
- As of January 1, 2019, all financial assistance to six of these credibly accused priests will completely cease.
- A seventh priest will cease receiving financial assistance in June 2019. The support of an eighth priest will be determined by the result of a canonical penal process. Support to these two priests in 2019 will not exceed \$26,500.
- Two other credibly accused priests were eligible for and are now receiving a pension benefit; two of the eight priests currently receiving financial support will become eligible to receive some pension benefit after Diocesan support terminates as of January 1, 2019.

D. Detailed Information

Eight individuals who have been credibly accused of sexual abuse of a minor will receive financial assistance from the Diocese consisting of monthly payments ranging from \$1,319 - \$1,466, totaling \$135,460 in 2018. This support is funded from proceeds from the past sale of Diocesan properties.

An initial step to reduce the continued need for such financial support was instituted during the spring of 2016. At that time the Diocese requested the prior three years of tax returns from seven of these eight individuals to determine their standard of living and alternative income sources. Following this review, support to three of the priests was reduced by 10%. These decisions were based on their financial circumstances.

In continued efforts to eliminate this support, six of these individuals were previously notified that their current financial support from the Diocese will cease as of January 1, 2019. Another's support will cease on June 30, 2019 as this individual must find an alternative means for support.

There is one priest currently on administrative leave who will undergo a canonical penal process in the coming months at the direction of the Vatican Office for Congregation of the Doctrine of the Faith. The outcome of that process will determine whether and to what extent any support of this priest will continue. Currently, the priest is receiving \$1,466 monthly.

Furthermore, under the current Priest Pension Plan document, two credibly accused priests are eligible for and are receiving a monthly pension benefit. Additionally, two of the priests whose diocesan support will terminate as of January 1, 2019, are also eligible to receive some pension benefit. Modifications to the Priest Pension Plan as it applies to credibly accused priests are currently being reviewed and considered.

CONCLUSION

The data presented in this report shows significant funds paid out by the Diocese in settlements and a critical loss of resources at a time of change and challenge in the Church. To be certain, the crisis has had an ongoing impact on the Church's ability to invest in its mission; however, in acknowledging the steep costs, the Diocese in no way questions the obligation and essential justice represented by the restitution to victims/survivors. The ongoing burden of their suffering reflects the Church's historical silence in face of their pain and in many cases, the failure to act in a way that would have prevented further abuse.

This report also provides much needed perspective on the trajectory of the crisis; more than 97 percent of abuse occurred before 1990, and more than 95 percent of the settlements were paid after the year 2000. Although most settlements relate to incidents that took place more than 30 years ago, this does not diminish the continued pain of the victims/survivors and all those affected by abuse. The Diocese is committed to updating information on settlements and other related costs, as well as efforts and resources dedicated to Diocesan work with victims/survivors and keeping children safe through our Safe Environments Program.

Likewise, this report only briefly outlines the impact of more than a generation of programs launched after the institution of *The Charter for the Protection of Children and Young People*. The Diocesan response to the *Charter's* mandates and its outreach to victims/survivors have led to the tremendous protections now in place and a process of healing for victims/survivors of sexual abuse. For over sixteen years the Diocese's Safe Environment program has been effective in raising awareness of sexual abuse, encouraging early reporting, and ensuring swift removal of perpetrators through the Diocesan Review Board.

By recognizing that people deserve a full and transparent report of the financial impact of the sexual abuse of minors by clergy, the Diocese of Bridgeport hopes to further the process of healing and reconciliation. As the data included herein supports, the hard work of the Church over the last sixteen years has helped to reduce the risk of clergy sexual abuse significantly. However, the hurt and pain of these incidents is still very present. It remains the work of the Church to support and help to heal all those affected by abuse and to move forward in the solidarity of faith, a spirit of transparency and commitment to absolute accountability that will renew the Church.

Appendix A

Information on Safe Environment and Other Programs to Support Survivors

Safe Environment Programs were established in U.S. Roman Catholic Dioceses by the Catholic Bishops in 2002 in a landmark document, *The Charter for the Protection of Children and Young People* a.k.a. “the *Charter*”. The Diocese of Bridgeport has invested tremendous resources and energy into both its Safe Environment Program and its Victim Outreach.

The Safe Environment program in the Diocese of Bridgeport has a full-time director, Ms. Erin Neil, L.C.S.W. The program oversees the implementation of Charter mandates including victim assistance, criminal background checks, written Codes of Conduct, and child sexual abuse awareness and prevention training for priests, deacons, lay employees, volunteers, tenants, vendors, contractors, children and youth. Since its inception 16 years ago, 95,000 adults have been trained and 35,000 students have participated in Safe Environment Awareness programs throughout the Diocese. The programs offered are

- (i) **VIRTUS, Protecting Gods Children** educates adults to recognize early warning signs and grooming behaviors in predators of child sexual abuse, dispel myths surrounding child sexual abuse and instruct adults on appropriate conduct when working with young people and vulnerable adults. In addition, adults are taught that it is both a legal and ethical obligation to immediately report any knowledge or suspicion of child sexual abuse and other forms of abuse, recent or in the past, within 12 hours of becoming aware of it, to the CT Department of Children and Families or to the police.
- (ii) **Child Lures Prevention Program, Think First and Stay Safe**, teaches children to recognize the lures and tricks most commonly used by predators in crimes against children. Children as young as 5 are taught to recognize and report early warning signs of abuse to a trusted adult and they learn that any inappropriate touching of a minor by an adult or by another minor is also against the law.
- (iii) **Netsmartz for Tweens and Teens** instruct Middle School and High School students on abuse prevention through the use of real life stories. The program emphasizes the safe use of technology and awareness of the risks associated with the use of social networks and certain apps. The training also prepares students to identify sexual harassment in the workplace and at colleges.
- (iv) **CT Mandated Reporting Training** is provided to Clergy, School Employees, Instructors of Catechetical Programs and Youth Ministers. This training is both live and online to educate adults who work with children to identify and report all forms of abuse including physical abuse, sexual abuse, emotional abuse and various forms of neglect. Special instructions are given on reporting abuse of the elderly, disabled and vulnerable adults.

The Diocese of Bridgeport Office of Victim Assistance is available to help you or anyone who has been abused or victimized as a minor by someone representing the Catholic Church. The Diocese has assembled and supports an active survivor group that works to appropriately represent the needs of survivors of abuse, whether by clergy or otherwise. The group is responsible for working with the Bishop to plan healing events throughout the Diocese. The survivors and parents of survivors provide outreach and assistance to other victims/survivors and courageously give witness during new employee orientations, a meeting with the Presbyterate and at Virtus training sessions. In the past three years, support groups meetings and healing services have been held. The Office of Victim Assistance has sponsored a Healing Service at Fairfield University and an Annual Mass of Hope and Healing for Survivors of Sexual Abuse. The Victim Assistance Office is able to (i) listen to your needs and support; (ii) provide referrals for counseling; (iii) assist with making a formal complaint to civil authorities; (iv) arrange a personal meeting with the bishop or his delegate; and (iv) facilitate participation in a support group or healing events.

In the Diocese of Bridgeport we report all allegations of abuse of a minor whether they occurred recently or many decades in the past to protect children and to help bring healing and transparency. We have an engaged Review Board made up of experts in the areas of medicine, psychology and law enforcement to address issues of allegations of abuse and policies and procedures.

The Diocese holds special days of training and ongoing education for Facilitators and Local Safe Environment Coordinators in our schools, parishes and diocesan organizations.

We have been found to be fully compliant since 2003 with the annual USCCB audit on Charter Implementation in our Diocese.

Diocesan and State Resource Information for the Diocesan Safe Environment Office and for reporting abuse:

Erin Neil, L.C.S.W, Victim Assistance Coordinator | (203) 650-3265

Michael Tintrup, L.C.S.W., Victim Assistance Counselor | (203) 241-0987

CT Child Abuse and Neglect Care-line (Mandated Reporters are required to report within 12-hours) | 1-800-842-2288

Appendix B

History of the Statute of Limitations

In 2002, the Connecticut statute of limitations for a civil claim of sexual abuse of a minor was substantially extended to 30 years past the age of majority (18 years of age). In other words, a victim/survivor who experienced abuse as a minor has until their 48th birthday to initiate a civil action against the accused. The Diocese has realized in its work with victims and survivors of sexual abuse that it often takes many years for a survivor to come forward and disclose abuse they suffered. As a result, many claims have come forward long after the abuse occurred. Because of the time that has passed, it has often been difficult to investigate these claims to determine their credibility. Therefore, during settlement negotiations, some claims were settled that were not deemed credible or could not be fully investigated. During these negotiations, it was determined that settling such claims was preferable over litigating those cases to conclusion.

It is difficult to quantify future financial liability of the Diocese for historical sexual abuse claims. The reasons for this are several. First, the statute of limitations creates an extended time frame during which victims and survivors of abuse can come forward and seek financial remuneration. Second, it is possible that the statute of limitations may be extended or even eliminated in Connecticut in the future, which would create another layer of liability for the Diocese which is uncertain. Third, the Diocese has and will continue to support the needs of survivors, whether they have been compensated in a settlement or not, for counseling, outreach and healing resources. The Safe Environment Program, described in Appendix A, continues to be a Diocesan priority, utilizing both financial and staff resources to keep children safe in our churches and schools. This outreach work will likely continue to grow in the future, and thus the cost is difficult to quantify.