

2007 FINANCIAL REPERCUSSIONS OF SEXUAL ABUSE OF MINORS

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The Repercussions of Financial Secrecy because of Sexual abuse by Religious Leaders to our society, churches, and families is one of the major historical movements of this decade. My thesis is that the financial penalties we all have suffered are but a symptom of the disease of avoiding the sexual abuse of minors by priests, ministers, rabbis, mullah, and shamans. Giovanni Boccaccio said it eloquently in the Decameron about the story of the novice, young girl, and the Abbot: “No one will ever find out and sin that is hidden is half forgiven”. (1st day fourth story) In the end the cost of avoidance and propping up our institutions as a perfect society actually increases the scandal and the financial costs.

What is the financial price? Because of the secrecy maintained by the Hierarchy, it is a bit like trying to find a black cat in a dark hole. My role here is to help you ponder our basic belief system, our current assets, current costs and potential liability. The reflective life is the only life worth living.

I. HISTORICAL/THEOLOGICAL/CANONICAL PERSPECTIVES

A faith based institution has a right to acquire sufficient material means for the effective prosecution of its work and belief. The Code of Canon law clearly spells this out as well as the free exercise clause of the constitution. Faith Based institutions are usually structured into houses of worship, education institutions, and charitable institutions.

Before we can talk about costs, we need to understand our financial models.

From the very beginnings of the Church, it has relied upon the membership to provide for the temporal needs to carry out the divinely inspired mission on earth. The Church created the system of members giving back to God via prayer and support of the ministers by giving a portion of their temporal goods that have been received from God. Cain and Abel offered their gifts to the Lord (Genesis 4.3-4) and Noah showed gratitude to God after being saved from the flood by offering up a sacrifice, God in turn blessed Noah (Genesis 8.20-30). Abraham gave tithes to Melchisedech from those he vanquished like the sodomites and gomorrhites (Genesis 19.20). (*Church Support in the U.S.* by Rev. Michael Kremer JCD)

Also unique to the early Church was the concept of the common purse and the common life. John Luke and Mark recount that Jesus and the Apostles held one purse. After the death of the lord, the Acts of the Apostles teaches us that near Jerusalem the followers lived the common life with common ownership of all property they possessed (Acts 4. 34-35).

This early spirit however was not practical and did not spread to the other churches like Macedonia, Antioch, or Alexandria. It may be a surprise to you that the early church split property between that which was held personally by the Bishop and his family and the Property held by the bishop for the diocese. Another key story is Ananias and Sapphira, Acts chapter 5. All the good the good they did was negated by the remnant they retained for themselves. It appears to me that all the good that catholic charities, catholic schools, and catholic hospitals do for society is negated by the evil perpetrated by the sexual abuse of minors by clerics and the conspiratorial secrecy of the hierarchy.

The Customs that are core to our financial Tradition are the collections and almsgiving for the poor 1Cor 16.1-2 and control of the property and purse strings by the episcopacy.

The Synod of Antioch in Encaeniis.

A.D. 341.

Canon XXIV.

IT is right that what belongs to the Church be preserved with all care to the Church, with a good conscience and faith in God, the inspector and judge of all. And these things ought to be administered under the judgment and authority of the bishop, who is entrusted with the whole people and with the souls of the congregation. But it should be manifest what is church property, with the knowledge of the presbyters and deacons about him; so that these may know assuredly what things belong to the Church, and that nothing be concealed from them, in order that, when the bishop may happen to depart this life, the property belonging to the Church being well known, may not be embezzled nor lost, and in order that the private property of the bishop may not be disturbed on a pretence that it is part of the ecclesiastical goods. For it is just and well-pleasing to God and man that the private property of the bishop be bequeathed to whomsoever he will, but that for the Church be kept whatever belongs to the Church; so that neither the Church may suffer loss, nor the bishop be injured under pretext of the Church's interest, nor those who belong to him fall into lawsuits, and himself, after his death, be brought under reproach.

Canon XXV.

LET the bishop have power over the funds of the Church, so as to dispense them with all piety and in the fear of God to all who need. And if there be occasion, let him take what he requires for his own necessary uses and those of his brethren sojourning with him, so that they may in no way lack, according to the divine Apostle, who says, "Having food and raiment, let us therewith be content." And if he shall not be content with these, but shall apply the funds to his own private uses, and not manage the revenues of the Church, or the rent of the farms, with the consent of the presbyters and deacons, but shall give the authority to his own domestics and kinsmen, or brothers, or sons, so that the accounts of the Church are secretly injured, he himself shall submit to an investigation by the synod of the province. But if, on the other hand, the bishop or his presbyters shall be defamed as appropriating to themselves what belongs to the Church, (whether from lands or any other ecclesiastical resources), so that the poor are oppressed, and accusation and infamy

are brought upon the account and on those who so administer it, let them also be subject to correction, the holy synod determining what is right.

As the Church spread across the Roman Empire, Real Property in the early Church, tangible personal property, and endowments were rarely kept. The local churches were in constant danger of confiscation by the Emperor who often needed support to fund a campaign or a personal frolic. It wasn't until after Constantine made the Church the official religion of the empire that holding Property became practical.

II. METHODS OF SUPPORT

The core methods of support in the early Church were donations of food, money, and labor. At the weekly Sunday gatherings commemorating the death of the Lord, people would bring food for the poor. Monthly, monetary gifts such as tithes, legacies, or lands were given. No early financial support from the empire appears to have been given to the Church. The aid stations on the 7 hills of Rome that the early Deacons oversaw were solely run by the faithful without Government funding.

Land holdings by the church from the 5th to 16th centuries evolved to become the key financial driver for the running of the Church. The rent from Lands provided the income to support the clergy, their families, and the running of the dioceses and parishes. In the several European revolutions and reformations, large portions of the land held by the church and monasteries were confiscated. The final blow the creation of the Italian state where the Holy Father disbanded the Papal army and Papal States were subsumed into the Italian state what we now call Italy.

Jumping further to the 20th century, Diocesan financial support is driven by several institutions and revenue streams.

World Wide Stats: 3,300 dioceses and 440,000 churches
USA Stats: 2006 Official Catholic Directory
195 Dioceses, 3,584 Churches, 195 Catholic Charities Centers
573 hospitals, 392 health care centers
231 colleges and universities, 1,352 high schools, 6,511 elementary schools
12 treatment facilities for Priest pedophiles and ephebophiles.

General categories of revenue streams:

- A. Endowments, bonds, stocks, cash, diocesan banks.
- B. Pew-rents
- C. Parish Assessments: diocesan taxes on the parishes.
- D. Weekly Offertory collections.
- E. Legacies, as simple as mass stipends.
- F. Annual Campaigns
- G. Cemetery plots, burial crypts.
- H. Governmental Grants to schools and catholic charities.
- I. Rental properties: for profit enterprises

J. Front and Back end development profits on Land alienated to developers.

III. REPERCUSSIONS AND LOSSES AND LIABILITIES

- A. Moral teaching authority of the Holy Father, Bishops, Priests, Deacons.
This is not quantifiable and is difficult to regain. Every Bishop and Priest knows at least one story of a child being abused either through their work or the confessional.
- B. The good will of financial councils: I do not believe the lay people on the councils knew we had black budgets for sexual abuse.
- C. Litigation: in the past, few parties would take the church to court. Now we have embezzlement litigation going in Cleveland, Insurance fraud Litigation through Insurance commissioners in Mississippi, and over 2,000 active sexual abuse lawsuits.
- D. Lawyers in the Chancery offices making decisions, not pastors.
- E. Secret creation of 12 institutions like the Servants of the Paraclete and St. Luke Institute to control the pedophiles and ephebophiles.
- F. Loss of people/ talent / and future donations.
- G. Dirty laundry is aired in public. RCSD has allegations of fraudulent conveyance of property, a Byzantine accounting system by a federal Judge, and over 770 -1250 bank accounts?
- H. Creation of new entities to avoid civil judgments, maybe we have moved from being a church to primarily a corporation?
- I. 1st, 2nd, 3rd level victims suffering in silence: victims, parents, families.
- J. People now know that the Bankruptcies were a sham and that the Church is fully solvent.
- K. Sexual Abuse by priests has cost our society over 6 Billion Dollars since 1946.
Treatment centers, payouts, legal defense costs, public relations, judiciary, prosecutors, mental health treatment,
- L. Potential loss of Federal Funding to Catholic Schools, Hospitals, and Catholic Charities.
- M. Potential loss of with drawl of the 501 (3) c status as a tax exempt organization.
- N. Loss of General Liability Insurance coverage for clerical misconduct.
Maybe the darkest secret the Hierarchy has never shared with us is what did they tell the insurance companies in the 1970's and 80's which prompted every insurance company, except Catholic Mutual and Catholic Risk Retention Group, to write exclusions for clerical sexual abuse.

IV. REMEDIES

1. Conversion: The Status Quo is not an effective response to the Moral Bankruptcy.
2. Learning: The Past will be the Prologue to the future unless we learn and change our ways.

3. Delegate: Bishops could and should delegate authority and financial operations/oversight to lay people.
4. Condemn the new clericalism; remove the lawyers from the chancery.
5. Realize that because all Churches gifts come from God they should be made public and held in common employing current accounting/management.
6. Simplicity: designate one Bank account for the diocese and implement financial reporting software in all U.S. parishes.
7. Give to the Poor: Sell all for profit businesses. Focus on the Church business.
8. Confer a national synod of all bishops and lay representatives to create statutes memorializing Lay financial oversight.