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NEWS

$87.5M: That's How Much Camden Diocese Will Pay Sex Abuse Survivors

"We're happy that this moment finally came and we still have a lot of work ahead of us," said John Baldante, a lawyer representing survivors of abuse.

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Bankruptcy

Charles Toutant

The Diocese of Camden will pay $87.5 million into a fund to compensate more than 300 sexual abuse survivors after a judge in the U.S. Bankruptcy Court for the District of New Jersey approved a Chapter 11 reorganization plan.

Approved by U.S. Bankruptcy Judge Jerrold Poslusny Jr., the reorganization plan also calls for the diocese to assign millions of dollars in insurance rights to a fund that will be used to compensate survivors of abuse.

Poslusny allowed the diocese to assign its policies to the fund despite strong opposition from the insurance companies, which could appeal that decision to the U.S. Court of Appeals for the Third Circuit, said Jeffrey Prol of Lowenstein Sandler, counsel for the creditors committee and vice chair of the firm's bankruptcy and restructuring practice.

"We're very confident on appeal. We think Judge Poslusny applied the law accurately. The plan of reorganization filed in the Boy Scouts case is not that dissimilar. That's already been affirmed by the district court [in Delaware] and is in front of the Third Circuit. We believe our our plan will be vindicated and that it will be enforced," Prol said.

Once any appeal is resolved, the insurance carriers could face more litigation from the survivors' fund, Prol said.

The plan was first unveiled in April 2022, and in December of that year, Poslusny held hearings on the insurance companies' objections.

In August 2023, Poslusny issued a ruling partly approving the plan, despite the insurance companies' objections, while finding some points prejudicial to those companies, Prol said.

After the creditors made revisions to address those issues, Poslusny gave his final approval on Thursday, Prol said.

"The committee is pleased that the bankruptcy court confirmed the plan of reorganization it negotiated with the diocese and fought tirelessly to have approved," Prol said. "We look forward to facilitating an expeditious distribution to survivors of sexual abuse, who have been, and remain, the real heroes in our battle to bring some semblance of justice for them."

The approval would bring an end to more than three years of often-bitter negotiations between the diocese, counsel for the abuse survivors and creditors.

Slew of Bankruptcy Filings

The diocese filed its Chapter 11 petition in October 2020 after New Jersey enacted a 2019 law that prompted countless lawsuits over long-ago sexual abuse of minors by clergy. That law extended the statute of limitations for such cases.

The Diocese of Camden is the only one of New Jersey's five Roman Catholic dioceses to file for bankruptcy.

But at least 14 dioceses across the country are in bankruptcy proceedings and another 19 have emerged from bankruptcy, according to Marie T. Reilly, a professor at Penn State Law School.

New Jersey's other dioceses have been watching the Camden case closely, and it could be a model for other dioceses struggling with liability from sexual abuse litigation, Prol said.

"Bankruptcy can take a long time and it can be very, very expensive," Prol said. "But I think what confirmation of this plan shows is there's a path. And I think it can be done much more quickly, efficiently and cost-effective than was done in Camden. The diocese has the ability to negotiate a settlement that is separate and apart from insurance carriers, to move forward more quickly."

Still a Long Road Ahead?

The court's approval of the plan doesn't mean survivors will receive compensation any time soon, said John Baldante of Baldante & Rubenstein in Haddonfield, whose firm represents about 75 survivors.

The plan approved by the judge includes a matrix that looks at factors such as the nature and duration of abuse experienced by each claimant and their age at the time it occurred.

Baldante called the plan approved by the court "a favorable outcome."

He said the Camden plan was "important on a national scale, as well as on a New Jersey statewide basis."

The state's other dioceses "are all looking to see what happens first with the Camden bankruptcy. So after now, after three and a half years of the bankruptcy process in Camden, we have this result," he said.

"This is an important moment for the survivors. We're happy that this moment finally came and we still have a lot of work ahead of us," Baldante said.

He said he feels "gratitude towards the survivors," who have been waiting patiently for accountability. "And hopefully we'll have their day in court now that this plan has been approved," he said.

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