

# Church lawyers say claims taking \$\$ toll

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Despite calls from Bernard Cardinal Law for speedy out-of-court settlements in sexual abuse cases involving Catholic priests, lawyers representing the archdiocese in negotiations with victims are claiming the insurance till is running short, attorneys involved in the cases said yesterday.

Frederic N. Halstrom, who represents a 46-year-old man allegedly sexually molested by the Rev. Bernard J. Lane, said he was informed within the last week by Wilson Rogers Jr., an attorney for the Archdiocese of Boston, that it has run out of insurance funds to pay such claims.

"He said the insurance is all gone and I got the impression it was for all sexual abuse cases," Halstrom said. "Rogers said it went to pay the Geoghan claims."

"A lot of the coverage has been used up," said another attorney involved in the settlements who requested anonymity. "The church has a big problem on their hands. They may not be able to pay these claims because there is no place to get the money. This isn't like General Motors where you can go out and sell more cars. They don't know where the money is going to come from."

The archdiocese has reportedly paid out up to \$20 million to dozens of victims of John J. Geoghan, who was a priest in five Massachusetts parishes between 1962 and 1994.

Geoghan, 66, is facing four criminal counts and 86 civil suits for the sexual abuse of some 130 young victims during that time period. He was defrocked by the church in 1998.

The archdiocese has also settled numerous other claims against additional local priests accused of sexual abuse over the past decade alone, according to several sources. Lawyers familiar with the total number of active suits said those settlements alone could exceed \$200 million.

Rogers did not return several calls for comment yesterday.

A spokeswoman for the archdiocese, Donna Morrissey, also did not return repeated calls for comment.

Halstrom represents a man who claims Lane, 67, molested him in the 1970s in New Hampshire while he was attending Alpha Omega House, a treatment home in Littleton for troubled teenage boys. Lane was the founder and director of Alpha Omega House.

The archdiocese has already quietly settled several other similar suits against Lane involving other victims. Lane, who lives in New Hampshire, remains a Catholic priest. for comment. His nephew who is also his attorney, Gerard Lane, has denied charges that his uncle abused anyone.

Halstrom said, "These were kids that were juvenile offenders, and the purpose of Alpha Omega House was to try to get them off the pathway of crime and straighten them out. But instead (Lane) violated his trust and his body."

"This abuse left scars on people's souls; these aren't broken bones. It's difficult to even quantify what impact the abuse had on this boy's life," Halstrom said.

The cardinal has publicly pledged that money from collections has not and will not be used to pay for settlements, counseling or legal work.

But how the archdiocese plans to pay for the dozens of other existing sexual abuse claims against pedophile priests remains unclear.

Still some lawyers suggested yesterday that the church may be saying it is out of insurance merely as a bargaining ploy.

"If the concept is being floated by the church that it does not have any funds to settle these claims justly, that idea is going to fall like a bombshell among the community of victims and their families," said Jeffrey A. Newman, a lawyer representing 14 victims of Middleton church worker and admitted pedophile Christopher R. Reardon.

"Further it would have to assume that Cardinal Law was not going to honor potential judgments against the church's priests or bishops. And I find that difficult to believe that the church would allow this to happen," Newman said.

Paying the settlements without insurance coverage also poses what can be serious financial struggles for archdioceses, said Mark Chopko, general counsel for the U.S. Conference of Catholic Bishops in Washington.

Unlike corporations, dioceses don't amass piles of money, Chopko said. "So they operate fairly close to the margin." Under strict church rules every diocese has to be financially self-sufficient.

Following abuse-case settlements in the early 1990s, the diocese of Sante Fe, N.M., was threatened with bankruptcy, its bishop said. But the filing was never made and by selling real estate and controlling costs, the diocese has reportedly emerged from its troubles.

Not much financial data on the archdiocese of Boston is made public. It has an annual budget of about \$43 million. That covers centralized programs, not most parish work.

Citing the sagging economy, Cardinal Law last week ordered 30 percent cuts in the archdiocesan budget. Morrissey has said the budget trouble was unrelated to the sex abuse scandals.

While converting assets into cash for settlements could be difficult for the archdiocese, records at Boston City Hall indicate it owns property with an estimated value of well over \$10 million in Boston alone.

Selling churches or other property to raise money is not unprecedented. The New Mexico Archdiocese sold a former retreat center to help recover from financially devastating sexual abuse settlements.

There is some evidence that in past cases the archdiocese, and not insurers, has paid some claims directly. In at least one case settled by the church in 1996 involving sexual abuse by Lane, a check for \$100,000 paid to the victim came directly from the archdiocese and bore Law's personal signature, sources said.

One reason insurance funds could be running dry stems from the likely nature of the coverage bought by the church.

Insurance experts said the archdiocese probably bought what are called "occurrence" policies. They cover events during a given time period, no matter when the claims are made.

Claims tended to be far lower in the 1960s and '70s, when the archdiocese purchased coverage, than today. But the level of coverage is forever frozen at the ceiling at the time the policies were purchased.

Halstrom added that despite the church's claim it's out of money he intends to see his client compensated for the alleged abuse by Lane.

"I don't care whether they have insurance or not. The archdiocese has assets," Halstrom said. "We've been trying to settle this case quietly for a year and they kept saying we'll get back to you while they proceeded to spend all the money."

Caption: CARDINAL LAW