News



Bishop Jaime Soto of Sacramento, Calif., is seen in this 2019 file photo. The bishop announced April 1, 2024, that the diocese had officially filed for Chapter 11

bankruptcy protection in an effort to resolve more than 250 sexual abuse lawsuits filed under a three-year California lookback window. (OSV News/CNS file, Bob Roller)

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The Diocese of Sacramento announced it has filed for bankruptcy, citing the costs of settling more than 250 lawsuits alleging sexual abuse by clergy and staff.

"There are many victim-survivors who have long suffered from the reprehensible sins committed against them," Bishop Jaime Soto said in an April 1 press release. "This reorganization process will allow me to respond to them as equitably as possible."

Soto had first announced the news Dec. 9, 2023, saying in a letter to diocesan faithful that he had made the decision following "careful consideration and consultation."

"Without such a reorganization process, it is likely that not all the abuse victim-survivors would receive a fair consideration of their claim," he wrote at the time. "The funds available to settle claims could be depleted by the first few cases addressed, leaving those that follow with little or no compensation."

He reiterated the decision in a March 16 letter to faithful, describing the reorganization as a "journey of atonement" and a "penitential exercise."

Several months earlier, Soto had warned in a letter to the faithful that a "staggering number of claims" filed under California's AB 218 — which commenced Jan. 1, 2020, and expired Dec. 31, 2022 — stood to "overwhelm" the diocese, presenting a "financial challenge … unlike anything we have faced before."

In its FAQ page on the bankruptcy, the diocese said "almost half" of the lawsuits involved allegations from the 1970s or earlier, with more than 80% stemming from allegations from the 1980s or prior.

"Only six claims allege abuse that occurred after the diocese's reforms and improved safeguards (were instituted) in 2002," said the diocese, referencing the year in which the U.S. Conference of Catholic Bishops adopted its Charter for the Protection of Children and Young People (also known as the Dallas Charter).

Soto stressed in his Dec. 9, 2023, letter that "only the administrative office of the bishop … will be seeking bankruptcy protection" in the Chapter 11 reorganization filing, and that "parishes and schools would continue their operations uninterrupted."

On its FAQ webpage about the bankruptcy, the diocese said its parishes and Catholic high schools are incorporated separately as "distinct financial and legal entities" operating independently of the diocese. Those, along with the corporations overseeing its Catholic cemeteries, Catholic Foundation and social service agencies, "would be largely unaffected by the diocese filing a bankruptcy petition," the diocese explained.

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However, in filings by other dioceses, "creditors have challenged the status of these separate corporations," the diocese added. "That is why we have advised our pastors that if a bankruptcy filing did take place, they would need to prepare for such challenges and seek independent legal assistance."

The webpage also said that the diocese's existing assets, some of which are expected to be sold during the bankruptcy process, are insufficient to cover the

claims costs, despite "serious cuts and reductions in expenses."

While it has "limited insurance coverage remaining from previous decades" when abuse was alleged to have occurred, "a significant number of claims fall in periods where there is no insurance available to address those matters," the diocese noted.

The diocese acknowledged that "aside from insurance coverage, lawsuit settlement payments are made with funds that began as donations from the people of God," since "everything our diocese does, buys or owns is paid for by the contributions of the faithful.

"This includes settling cases and trying to provide some sense of compensation to those who were betrayed by priests they were taught to trust," it said.

At the same time, "other funds related to the diocese are held in trust for specific purposes designated by the donors," the diocese added.

Such donor-restricted monies, which include donations to the annual diocesan appeal, are generally not considered in the bankruptcy process, according to the diocese, which added that it expects "the court would follow a well-established path in these matters."

“It is the sickening sin of sexual abuse — and the failure of church leadership to address it appropriately — that brought us to this place. I must atone for these sins,” Soto said in the April 1 release. “Join me in praying for the healing of victim-survivors. The pain inflicted on them lasts a lifetime, and so our atonement must be a lifetime commitment.”

New California laws will require such a commitment: On Oct. 14, 2023, California Gov. Gavin Newsom enacted AB 452, which eliminates the statute of limitations for alleged childhood sexual assault occurring on and after Jan. 1, 2024, and SB 558, which expands the definition of (and statute of limitations for) childhood sexual assault to include acts involving child pornography.