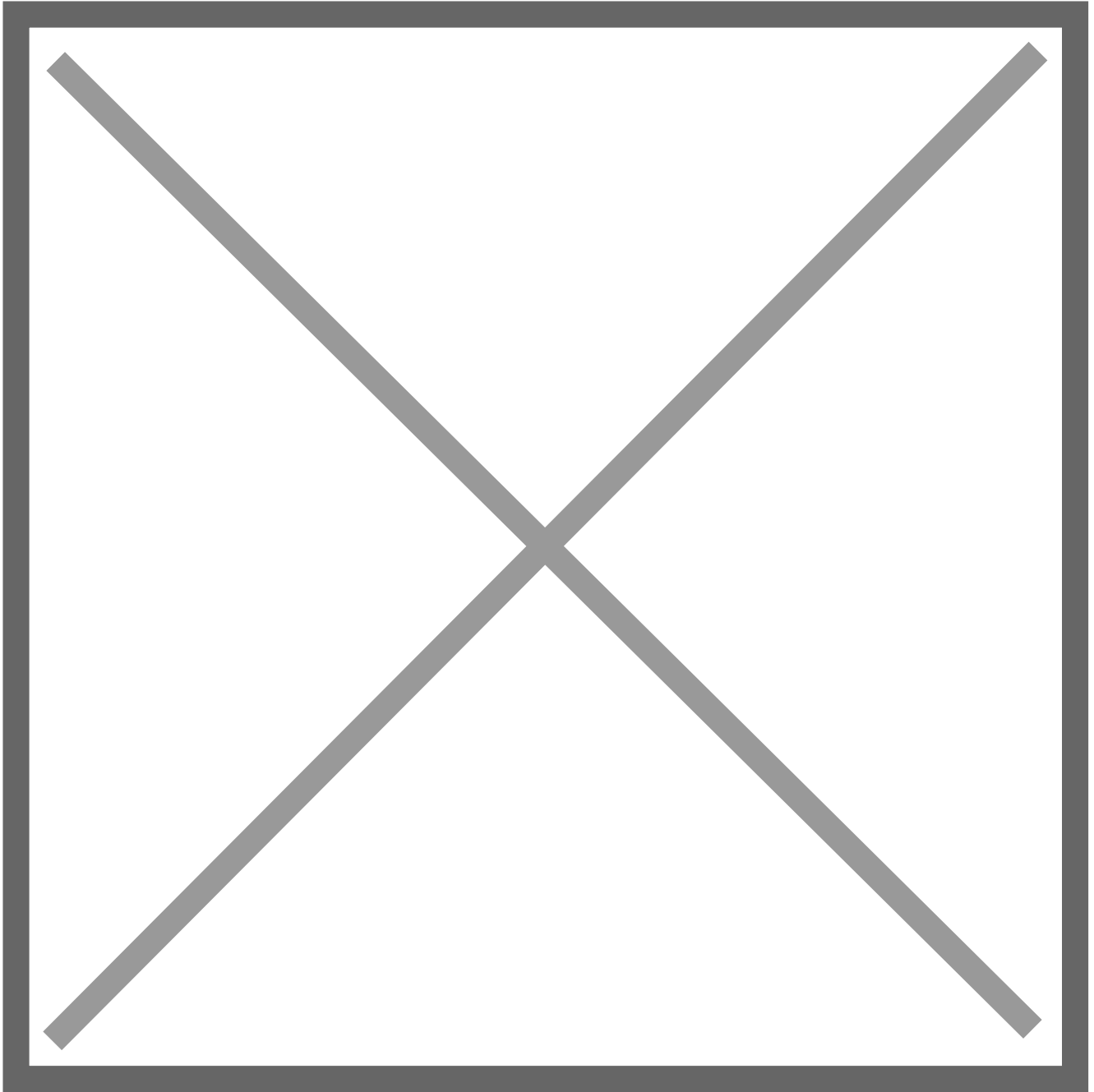


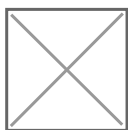
[News](#)



A drone file photo shows St. Joseph Cathedral in Burlington, Vt. In a Sept. 30, 2026, statement, Bishop John McDermot of Burlington, Vt., announced that the diocese is seeking to abandon the Chapter 11 bankruptcy process it initiated two years ago, saying settlement talks with sex-abuse survivors have hopelessly stalled. (OSV News/Courtesy of the Diocese of Burlington/Russell Fox)

Gina Christian

[View Author Profile](#)



OSV News

[View Author Profile](#)

[**Join the Conversation**](#)

Send your thoughts to *Letters to the Editor*. [Learn more](#)

Burlington, Vt. — October 6, 2026

[Share on Bluesky](#)[Share on Facebook](#)[Share on Twitter](#)[Email to a friend](#)[Print](#)

The Diocese of Burlington, Vermont, has moved to withdraw its bankruptcy filing, two years to the day after seeking relief to address sexual abuse claims.

In a Sept. 30 statement, Bishop John McDermott cited a lack of progress in the case, mounting legal fees and the recent "adversarial" move by the creditors' committee to include parishes and schools in the settlement.

The case highlights both the significant expense of Chapter 11 filings by dioceses, as well as the issue of determining to what extent parishes, schools and affiliated Catholic entities may be held financially liable in settling abuse claims.

A hearing on the diocese's motion is scheduled for Dec. 8.

In his statement, McDermott lamented that the diocese and the creditors' committee "appear far away from a resolution that will compensate the claimants and allow the Diocese to rebuild and move forward into the future."

He noted that diocesan legal and administrative expenses in the proceedings are currently "well more than two million dollars," with "not one dollar" of the funds so far awarded "to a single claimant."

Saying he was "extremely disappointed that we have not been able to resolve the Chapter 11 process," McDermott apologized to the claimants, regretting "if this action causes you further distress."

"I believe the Diocese has made a good faith effort to resolve this process in a timely and just manner. Unfortunately, our best offer was not accepted," he said.

McDermott explained the costs at hand specifically entail both the diocese's legal representation and that of the creditors' committee, according to the terms of the Chapter 11 filing.

Advertisement

Those sums stand to increase following a judge's ruling in August that permits survivors to pursue the inclusion of Vermont's Catholic parishes and schools in settling claims.

The expanded proceedings signal "the likelihood of ever-increasing legal costs," said McDermott.

Given those expenses "and the amount of time required to complete the litigation," he said, "the Diocese does not believe it can afford to incur even greater legal bills, while continuing to delay and reduce compensation available for claimants."

In its motion to dismiss the filing, the diocese said that "mediation and arm's-length negotiations failed to yield the compromises necessary to achieve the global resolution that Chapter 11 is intended to facilitate."

The filing added, "The Diocese approached these negotiations in good faith at every turn, but it cannot force a resolution that the relevant constituencies are not prepared to accept, and it cannot allow the case to continue indefinitely in the absence of a realistic prospect of confirming a plan."

The diocese said in its filing that there was "no end in sight" to the costs of pursuing its Chapter 11 filing, adding that such fees "are consuming resources that would otherwise be available" to compensate survivors and other creditors, as well as the diocese's own operations.

At the time of its bankruptcy filing, the Diocese of Burlington faced 31 lawsuits, with the number exceeding 100 by 2025.

Prior to the filing, the diocese had settled 20 cases for a total of more than \$4.5 million following the 2019 removal of the statute of limitations, using both regular operating funds and unrestricted investments, according to McDermott's September 2024 affidavit.