

12-11-07 - [Parish property]Removed from the bishop's discretion
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San Francisco archdiocese modifies its corporate structure to protect parishes from the courts.

To protect parish and parochial school assets from being used to pay court settlements, San Francisco's Archbishop George Niederauer has approved modifications to the archdiocese's corporate structure, said the Dec. 8 Catholic San Francisco.

The status of parochial property has been a contested issue since Archbishop Sean O' Malley of Boston sold off parish assets and closed 60 parishes to pay off molestation claims against the Boston archdiocese several years ago. In Aug. 2005 the Holy See ruled that the archdiocese of Boston was wrong in thus seizing parish assets.

This ruling did not affect the U.S. courts. Also in Aug. 2005, Spokane U.S. bankruptcy Judge Patricia Williams ruled that churches, parochial schools, and such assets as cemeteries belong to the diocese, not to parishes. In declaring bankruptcy over molestation claims in Dec. 2004, the Spokane diocese had argued that its assets amounted to only \$10 million in real estate.

Lawyers for alleged victims, on the other hand, said that, since parishes, parochial schools, and other property, belonged to the diocese as well, its assets exceeded \$80 million.

Spokane Bishop William Skylstad said Judge Williams' decision had "national consequences." In Dec. 2005, a Portland, Oregon federal bankruptcy judge denied the archdiocese of Portland's claim that creditors could not force the sale of parishes, schools, and other such assets, since the diocese held these in trust for the parishes as beneficiaries. Judge Elizabeth Perris denied the archdiocese's argument that the status of these properties should be determined by canon law. "Who owns the property is, quite simply, not a theological or doctrinal matter," she said. Perris said, "under civil law, the parishes and high schools are not separate civil legal entities."

In a Dec. 4 letter sent to archdiocesan school principals, agency heads and archdiocesan Pastoral Center personnel, Archbishop Niederauer explained that "issues raised by the civil courts over the past several years have caused dioceses throughout the country to consider whether their existing civil law corporate structures adequately recognize and reflect the unique status of parishes and schools under Church law." Niederauer said that the courts have insisted that, "if a diocese maintains that under Church law parish and school properties cannot be used at the discretion of the bishop then this concept must be unequivocally enshrined in the civil law structures of the Church."

The archdiocese's corporate structure changes do not affect St. Patrick's Seminary in Menlo Park or Catholic Charities CYO. But, under the revised corporate structure, while parishes and schools will continue to operate under the auspices of the archbishop as corporation sole, their real property and capital which belong to them by Church law "have been segregated from the real property and capital assets of the Archdiocese and are now entrusted to two distinct non-profit religious corporations," said Niederauer.

Niederauer said he hoped the archdiocese's corporate restructuring will help the Church's leadership rededicate itself "to being effective stewards of the Church's people and goods."