

## Salerno Opines on Proposed Federal Legislation Eliminating Loopholes for Debtors in Child Sexual Abuse Claims

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Stinson LLP Partner [Thomas J. Salerno](#) is featured in a *Delaware Business Court Insider* article, "Closing 'Unacceptable Loopholes': How Sex Abuse Claimants Could Gain Power in Chapter 11 Bankruptcies."

Salerno analyzes the recently proposed Closing Bankruptcy Loopholes for Child Predators Act, which aims to reform how Chapter 11 bankruptcy courts handle child sexual abuse claims, addressing concerns that debtors have used the legal process to shield themselves from full accountability.

"It's perhaps the strongest policy statement on these cases that I've seen," Salerno said. "Essentially, Congress' message here is, for cases in which a debtor is trying to resolve or deal with claims resulting from the sexual abuse of children, you could still file for bankruptcy, but the price went up."

The proposed federal legislation highlights a growing issue with organizations facing mass child sexual abuse claims seeking to use bankruptcy as a means to restructure and limit their liability. The bill proposes key changes, including allowing victim impact statements, continuing discovery after bankruptcy filing and requiring independent forensic accounts in these cases.

Outside of this federal legislation, sex abuse survivors were recently permitted to share their stories at a bankruptcy hearing involving the Roman Catholic Archdiocese of Baltimore. This unprecedented hearing was the first-of-its-kind in a church bankruptcy and permitted by the bankruptcy court judge as a means of "[increasing engagement and understanding of the case](#)." Attorneys from Stinson's Survivor Protection practice group, who are representing the Official Committee of Unsecured Creditors against the Catholic Archdiocese of Baltimore in a bankruptcy protection case, advocated for this opportunity for child sex abuse survivors to be heard.

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The firm's Survivor Protection group is a first-of-its-kind dedicated team of more than 20 attorneys who work closely with sexual abuse survivors and their attorneys to achieve successful financial recoveries and secure major advances in child protection.

Regarding the federal legislation, Salerno supports its focused approach to ensure it maintains a strong impact on child sexual abuse cases specifically. He said applying the changes narrowly rather than to other types of mass torts in bankruptcy is appropriate.

"When you start to be overly inclusive, the policy issues become watered down and diluted, Salerno said. "I think keeping it the way they did makes it, frankly, really hard to argue with."

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