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Sex-Abuse Victims Challenge Boy Scouts' Bankruptcy Settlement

A group of 144 sex abuse victims, who have lodged claims against the Boy Scouts of America, have taken their battle to the U.S. Supreme Court, seeking to halt the organization's $2.46 billion bankruptcy settlement while they pursue an appeal against its approval. These individuals, who allege they were sexually abused by Boy Scouts troop leaders during their childhood, represent a minority among the 82,000 claimants in the Boy Scouts of America's bankruptcy proceedings. Their contention revolves around the claim that the settlement unlawfully prevents them from pursuing legal action against entities not undergoing bankruptcy, such as churches that sponsored scouting programs and insurers who provided coverage to the Boy Scouts organization.

Legal Implications and Precedents

The Supreme Court is already deliberating on the broader issue of whether U.S. bankruptcy courts possess the authority to extinguish legal claims against non-bankrupt entities. This debate has arisen in the context of Purdue Pharma's bankruptcy, with the court considering whether the owners of the company, the wealthy Sackler family, can obtain immunity in exchange for settling thousands of lawsuits related to the opioid crisis. Attorney Gilion Dumas, representing 69 of the men contesting the Boy Scouts' settlement, argues that the resolution of Purdue Pharma's case should influence the handling of the Boy Scouts' bankruptcy settlement.

Background and Boy Scouts' Bankruptcy

The Boy Scouts of America filed for bankruptcy in February 2020, prompted by the enactment of laws in several U.S. states permitting accusers to pursue legal action over historical abuse allegations. Following a tumultuous legal process, a settlement was reached and approved by the court in September 2022. This settlement, which garnered approval from 86% of claimants who voted on it, proposes compensation ranging from $3,500 to $2.7 million for abuse victims.

Legal Challenges and Potential Ramifications

Despite the majority support for the settlement, some claimants have sought to impede its progress pending their appeals. However, lower courts have rejected these attempts to stall the settlement, and the matter is now slated for arguments before the 3rd U.S. Circuit Court of Appeals in April. Gilion Dumas underscores the significance of the pending Supreme Court decision in the Purdue Pharma case, suggesting that it could profoundly impact the trajectory of the Boy Scouts' bankruptcy proceedings. There is concern that if the Boy Scouts' bankruptcy plan advances unchecked, the appeals before the Third Circuit may be dismissed without addressing the pivotal legal question set to be resolved in the Purdue case.

Responses and Pending Litigation

The trustee overseeing the Boy Scouts' settlement declined to comment, while the Boy Scouts of America refrained from immediate response. However, the organization has previously urged the Supreme Court to refrain from disrupting its bankruptcy settlement pending the outcome of the Purdue case. The legal dispute is identified as Lujan Claimants et al v. Boy Scouts of America, and it awaits further proceedings before the U.S. Supreme Court.

Legal Representation

For the appellants, legal representation includes Gilion Dumas of Dumas & Vaughn, Delia Lujan Wolff of Lujan & Wolff, and John Reeves of Reeves Law.

Don’t be a silent ninja! Let us know your thoughts in the comment section below.