

*The following is information generated from ChatGPT in researching NY State not-for-profit law with Canon Law related to the Diocese of Buffalo proposal to take funds from parishes relative to the bankruptcy and settlement.*

*This is the result of that research. There are several sections:*

- *Related to the sale of property (closed/merged churches)*
- *Related to regular parish assets*
- *Sample letter to NY State AG - Charities Bureau*
- *Canon Law information from a non-Canon lawyer*

Under **New York State Not-for-Profit Corporation Law (N-PCL)** and related charitable trust principles, donor-restricted funds are indeed **protected** and must generally be used for the specific purpose intended by the donor.

Here's a breakdown of how this applies in cases like the sale of a church:

### **Donor-Restricted Funds Under NY Law**

If a donor gives money to a specific church (e.g., "for the upkeep of St. X Church"), that donation is restricted and legally bound by the intent of the donor. This is enforced through:

- Charitable trust doctrine: Donor restrictions create a form of charitable trust, which the organization must honor.
- N-PCL § 513 & § 555: These statutes prohibit the use of restricted assets for non-designated purposes without proper authorization.

If the church receiving the donation is later closed or merged:

1. The restriction does not automatically dissolve.
2. The organization may need to seek court approval (via the NY Attorney General or a cy pres petition) to redirect the funds to a similar use.
3. Misusing restricted funds may result in:
  - Legal action by the NY Attorney General's Charities Bureau.
  - Breach of fiduciary duty by board members or diocesan officials.



## Application to Church Sales and Mergers

In the case of a church closed and being merged into another parish:

- Any assets or restricted donations specifically given to the original parish/church should typically transfer to the successor parish with restrictions intact.
- If the Diocese instead directed the proceeds of the sale to diocesan accounts (especially during bankruptcy), that could violate N-PCL if those funds were originally restricted.



## What Should Happen Legally

If donor-restricted assets cannot be used as intended (e.g., because the church was closed), the diocese or parish must:

- Notify the New York Attorney General's Charities Bureau.
- File a petition for modification of donor restrictions using cy pres or equitable deviation doctrines, if appropriate.



## Potential Illegality

It may be illegal if:

- The Diocese knew the funds were restricted,
- Redirected or used them for bankruptcy settlements or unrelated diocesan purposes,
- Without seeking legal clearance or notifying donors.



## Next Steps (If You're Concerned)

1. File a complaint with the NY Attorney General's Charities Bureau.
2. Request an audit or ask for public records of how sale proceeds were recorded.
3. Seek legal counsel specializing in nonprofit or trust law for deeper review.

The situation where the Diocese of Buffalo is allegedly forcing parishes to contribute to bankruptcy settlements using parish assets, including church sale proceeds—raises serious legal and ethical questions under both civil law and canon law.

Here's a breakdown of what might make this illegal—or at least legally challengeable:



## **1. Civil Law Violations (New York State Law)**



### **Restricted Charitable Assets**

- If funds or properties were donated or held for the benefit of a specific parish, they are generally considered restricted charitable assets.
- Under New York Not-for-Profit Corporation Law (N-PCL) and the charitable trust doctrine, these assets cannot be redirected (e.g., to pay diocesan bankruptcy claims) without permission from:
  - The New York Attorney General, or
  - A state court, under a cy pres or similar legal doctrine.



**If the Diocese did not seek this legal approval and redirected parish funds anyway, it could constitute a breach of fiduciary duty, charitable trust mismanagement, and even fraud under NY law.**



## **2. Canon Law Considerations**

- Canon law distinguishes between diocesan property and parish property. Parishes are considered juridic persons (Canon 515 §3) and own their property independently of the diocese.
- The Second Vatican Council's decree on the pastoral office of bishops and Canon 1256 stress that bishops cannot unilaterally confiscate parish assets for diocesan use.
- Even during bankruptcy, a bishop must follow canon and civil procedures to justify such transfers.



### 3. Bankruptcy Court Oversight

In a Chapter 11 bankruptcy like the one the Diocese of Buffalo filed:

- All diocesan assets and liabilities must be disclosed.
- The **diocese cannot include assets of separately incorporated parishes unless they can prove those assets are legally controlled by the diocese.**
- Courts have often ruled (e.g., in Milwaukee, Portland, and Wilmington) that parish assets are not automatically diocesan assets and may be off-limits unless the structure proves otherwise.



**Forcing parishes to liquidate and contribute could be challenged as an unlawful consolidation of assets.**



### What You Can Do

#### 1. File Additional Complaints

You can:

- Submit further evidence to the NY Attorney General's Charities Bureau
- Consider a joint legal action with others impacted parishes

#### 2. Involve the Vatican (Canonically)

You or others in affected parishes can file a complaint with:

- The Apostolic Nunciature in Washington, D.C.
- The Congregation for the Clergy (via canon lawyers)
- Advocacy groups like the St. Joseph Foundation (SJCL)

#### 3. Join or Organize Parish Defense Groups

Parishioners from multiple churches have successfully fought closures and asset grabs by organizing and hiring:

- Civil attorneys with nonprofit/trust law experience
- Canon lawyers to engage the Vatican directly (i.e. SOBC working with SJCL)

**SAMPLE LETTER GENERATED BY CHATGPT:**

Your Name  
Your Address  
City, State, ZIP Code  
Email Address  
Phone Number

Date

Charities Bureau  
Office of the New York State Attorney General  
28 Liberty Street  
New York, NY 10005

Subject: Systemic Concern Over Potential Misuse of Parish Assets by the  
Diocese of Buffalo in Bankruptcy Proceedings

Dear Charities Bureau,

I am writing to raise serious concerns about what appears to be a systemic effort by the Diocese of Buffalo to use assets of individual parishes—including the proceeds from church property sales—to fund the Diocese's bankruptcy settlement.

It has come to my attention, and to the attention of others in the Catholic community of Buffalo, that the Diocese is attempting to consolidate or redirect funds and properties that belong to individual parishes, some of which were donated by parishioners under restricted conditions. These actions may be occurring without the proper legal processes required under New York State's Not-for-Profit Corporation Law and the charitable trust doctrine.

Parish assets are typically held separately from diocesan assets, and when parishes are separately incorporated, their assets should not be used to satisfy diocesan liabilities—especially in the absence of clear legal authority or approval from the New York State Attorney General or a court. It is unclear whether the Diocese of Buffalo has followed appropriate civil legal procedures to seek approval to redirect these restricted funds, or whether fiduciary duties have been upheld.

We request that your office investigate:

1. Whether parish assets—particularly restricted donations or proceeds from closed churches—are being used to fund the Diocese's bankruptcy settlements.
2. Whether the Diocese has sought proper legal approval for such uses of restricted assets.
3. Whether the Diocese's actions constitute a breach of fiduciary duty or a violation of charitable trust obligations.
4. The broader financial structure between the Diocese and individual parishes and whether this structure is being misrepresented in bankruptcy court.

We urge your office to protect parishioners' rights and the integrity of charitable donations that were made in good faith. The use of parish resources to settle claims against the Diocese, especially without transparency or due process, could have long-lasting impacts on local communities and erode public trust in nonprofit governance.


Thank you for your attention to this matter. I am willing to provide further information or documentation as needed.

Sincerely,

Your Full Name

## **Canon Laws relative to donations and property**

*A member of our SOBC Facebook group shared the following research. The individual is not a canon lawyer but researched the information to share:*

 **Canon 1267 §3:** Offerings given by the faithful for a certain purpose may be used only for that exact purpose.

Here is a summary of how the Church interprets that law:

- If a member of the faithful donates money to the Church for a specific, designated purpose (such as for building repairs, support of the poor, Mass stipends, etc.), the Church is obliged to use it only for that stated purpose.
- Donor Intent Must Be Respected: The Church must honor the intention of the donor.
- No Redirection Without Consent: Church authorities cannot redirect those funds to another purpose unless the donor gives consent or unless they receive special permission (in rare cases, this can involve higher ecclesiastical authority or even the Holy See).
- Transparency & Accountability: Parishes and dioceses are expected to track such funds separately to ensure they are used appropriately.
- If you want to ensure your contribution is used for a particular cause (e.g., youth ministry, missionary work, or church maintenance), specify it clearly in writing when you donate. This will invoke the legal protection under canon law.

Looking at the Canon Law a bit deeper, you'll notice that Canon 1310 §2 states that if a donor specifically prohibits a change to the intent of their donation, only the Apostolic See can make a change. This effectively prohibits the diocesan bishop from being able to make changes.

### **Canon 1300** — Respect for Donor Intentions

The intentions of the faithful who give or leave goods to pious causes, whether by an act inter vivos (while living) or mortis causa (after death), once lawfully accepted, are to be most diligently observed, even regarding the manner of administration and distribution of the goods, without prejudice to the provisions of can. 1310.

### **Canon 1310** — Modification of Pious Wills or Intentions

Canon 1310 §1:

If the fulfillment of obligations arising from a pious will becomes impossible because of changed circumstances, the competent authority can reduce, equitably moderate, or transfer the obligations to other pious purposes, after hearing those concerned and consulting the diocesan finance council and others who may be required.

Canon 1310 §2:

Unless the donor has expressly excluded it, the competent authority for such adjustments is the ordinary (i.e., the diocesan bishop). If the donor has forbidden any change, only the Apostolic See can modify the donor's intentions.

The Apostolic See (also known as the Holy See) refers to the central governing body of the Catholic Church, led by the Pope, who is the Bishop of Rome. It is called "Apostolic" because it traces its authority directly back to the Apostle Peter, whom Catholics believe was appointed by Christ as the leader of His Church and who was the first Bishop of Rome.