

Penn State scandal: mounting cost edge toward \$100 million, Sandusky all to blame?

Penn State has been through a double-barreled crisis.

First, the conviction of former assistant football coach Jerry Sandusky on 45 counts of child sex abuse involving 10 boys over 15 years.

Then, the hard-hitting investigation led by former FBI director Louis Freeh, which concluded that senior Penn State officials – including legendary head football coach Joe Paterno – had shown “total disregard for the safety and welfare of Sandusky’s child victims,” in effect covering up years of horrific abuse by a serial pedophile.

But Penn State’s troubles aren’t over, and they could involve more criminal cases as well as civil suits by Mr. Sandusky’s victims targeting the university’s endowment, estimated to be more than \$1.8 billion.

At least one unidentified male has already filed a lawsuit against the university for failing to protect him from Sandusky, Reuters reports. He is initially seeking more than \$50,000 in damages, the standard amount in Pennsylvania courts to trigger a jury trial.

Legal analysts say Penn State would much prefer to head off victims’ civil lawsuits by offering compensation.

“The risks for Penn State in going through discovery and leaving a decision in the hands of a jury could be cataclysmic to the university,” says Chicago securities attorney Andrew Stoltmann, who predicts that the university “likely ... will have to shell out in excess of \$100 million to resolve these claims.”

Avoiding that appears to be the university’s approach.

“The university plans to invite victims of Mr. Sandusky’s abuse to participate in a program to facilitate the resolution of claims against the university arising out of Mr. Sandusky’s conduct,” the university said in a recent statement. “The purpose of the program is simple – the university wants to provide a forum where the university can privately, expeditiously and fairly address the victims’ concerns and compensate them for claims relating to the university.”

Settling out of court would avoid punitive damages tacked on to compensatory damages.

Penn State may see the program it’s offering as “simple.” But – as has been the case with the Roman Catholic Church and pedophile priests – full resolution for Sandusky’s victims is likely to be legally complicated and take years.

Victims and their lawyers would be helped in their case by criminal convictions of Penn State officials, which could establish more firmly the university's responsibility in the matter.

At least two senior officials – former vice president Gary Schultz and suspended athletic director Tim Curley – are charged with perjury and failure to report child abuse.

A grand jury last year found that the two Penn State officials had lied about their response to a report by football graduate assistant Mike McQueary, who said he told the two officials that he had seen Sandusky apparently abusing a boy in a shower on campus in 2001. A trial date has not been set in the case.

The Freeh report's most damning charge – that “the most powerful men at Penn State failed to take any steps for 14 years to protect the children who Sandusky victimized,” as Mr. Freeh put it at a press briefing Thursday – is powerful legal ammunition for those who endured years of abuse. The Penn State board of trustees also comes in for harsh criticism for having “failed to create an environment which held the University's most senior leaders accountable.”

One specific charge that implicates Penn State and its senior officials: failure to comply with the federal Clery Act of 1990, requiring the university to compile and report crime statistics, including sexual offenses. Under the Clery Act (named for a young woman sexually assaulted and murdered in a Lehigh University dorm room in 1986), Penn State officials were obliged to report Sandusky's known activities to law-enforcement officials.

According to several news reports, Penn State's Clery Act policy was still in draft form and had not been implemented as recently as last November – the month Sandusky was arrested.

Attorney [Tom Kline](#) represents one of Sandusky's victims.

“Penn State faces civil liability in many lawsuits,” Mr. Kline told the New York Daily News. “The Freeh report serves as a road map for all of the [legal] actions under way. That includes the civil suit I intend to bring.”