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Priest Will Not Face Charges In Handling of Church Funds

By SARAH KERSHAW

A Queens priest who was suspected of stealing almost $2 million from his parish will not face criminal charges, although a yearlong investigation uncovered a "disturbing pattern of questionable financial transactions," prosecutors said yesterday.

There was not enough evidence to charge Msgr. Thomas A. Gradilone — who retired from Our Lady Queen of Martyrs Roman Catholic Church in Forest Hills after accusations of financial wrongdoing surfaced — with stealing the money, the authorities said.

Over a decade, Monsignor Gradilone, 76, gave away the money to virtually anyone who asked him for it, investigators said. But because the payments were technically made to charitable causes — people the priest believed were in need — there was no crime under church or criminal law, the authorities said. And the priest neither profited personally nor used the money for criminal activity, they said.

Still, the Queens district attorney, Richard A. Brown, said yesterday that Monsignor Gradilone had concealed from his superiors a bank account into which he had deposited more than $1.8 million of parish funds. He withdrew money as he saw fit, hardly ever accounting for it, Mr. Brown said. He said the investigation had found "abused discretion, poor judgment and bad decision-making by Monsignor Gradilone."

Thomas V. Daily, the bishop of the Brooklyn Diocese, yesterday called Monsignor Gradilone's spending of the parish collections "clearly fraudulent." The bishop has filed a claim with the church's insurance company under a "dishonest employee" policy, to recover about $1.8 million.

Monsignor Gradilone's lawyer, Bob Sullivan, said yesterday that the priest was relieved that no criminal charges were filed, although he acknowledged that the priest was negligent in managing parish money.

"The monsignor is naturally pleased that the investigation is over," Mr. Sullivan said. "Obviously, he'd like to hear they believe there was no wrongdoing. But he's a Catholic priest, and priests are very good at humility, so he'll live with it."

He added: "The monsignor was a soft touch to a fault, and for that he apologizes."

Mr. Brown said that the freedom traditionally given to many church pastors to control parish finances — sometimes without keeping any records — was an "insurmountable impediment" to filing criminal charges against the priest.

And Catholic scholars and other experts said that while the Gradilone case was extreme, it nevertheless underscored a persistent and troubling problem for the church.

"The system basically works on trust and trust can be abused," said the Rev. Thomas Reese, editor of America, a Catholic magazine.

Monsignor Gradilone a prominent figure in the Catholic Church, was revered by his parishioners. The parish, one of the diocese's largest, was known for its active fund-raising and for getting sizable donations from the congregation.

It was not until last year that parishioners, noticing that the church building on Queens Boulevard in Forest Hills had begun to fall into disrepair, started to inquire about the use of the substantial donations collected by the parish, investigators said.

In April 2000, accountants for the Diocese of Brooklyn, which includes Our Lady Queen of Martyrs and 217 other parishes in Queens and Brooklyn, uncovered irregularities in the bookkeeping at the church, where Monsignor Gradilone had been pastor for almost 20 years. They then learned that almost $2 million was unaccounted for and discovered the account the pastor was using to make payments to people.

Later, investigators determined that about $700,000 of that money went to three ex-convicts who had approached the pastor for help. One was an intermittent handyman at the church.

It was also discovered that the church, unlike many other parishes across the country, had no finance council, an oversight mechanism that has been required of parishes since 1983 under rules governing the administration of Roman Catholic churches.

Soon after reports of the financial irregularities came to light, the pastor was sent, by Bishop Daily, to a retreat in Canada, where he underwent psychological counseling. Monsignor Gradilone is now living and saying masses at a small parish in Manhattan Beach, Brooklyn, where his living expenses are paid for by the diocese, officials said.

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