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Chapter 1 : Not Just Anna Nicole Smith: Cleavage in Bankruptcy |

[committee peint] the penn central failure and the role op financial institutions part v trading in penn central stock: financial institutions and privileged information.

Does not include sales in third market or private sales. Apparently includes some sales in third market. In addition, these institutions may have sold stock through brokers other than the sent questionnaires by the SEC, and the institutions may have participated in private sales. The data in Table 14 raises serious questions about the basis for the stock sales by several of the nine institutions during the period May 19 through May 27, , particularly the stock sales by Chase Manhattan, Alleghany Corporation, Investors Diversified Services, and Investors Mutual, Inc. The sales of PC common stock by the nine institutions during the period May 19, , through May 27, , accounted for more than 53 percent of the total stock sales on the Exchanges. More than one out of every two shares sold by all investors during the subject time period was sold by these nine institutions. In short, more than one out of every three shares sold on the Exchanges on May 25, , was sold by Chase Manhattan Bank. This aspect of the stock sales by the nine institutions is discussed in more detail in the following section of this part of the report. In addition to the May period, there were several periods in Juneâ€"prior to the filing for reorganization on June 21, â€"when sales of PC common stock could have been affected by the nonpublic events. Louis 21 not feasible to highlight any specific time periods. However, a comparison of the data developed in Tables 7,9, and 10 regarding the stock sales in June with the significant nonpublic events occurring in June see Table 5 , raises serious questions concerning the basis for some of the stock sales by certain other of the nine institutions. The information developed above raises the strong possibility that some of the nine institutions were reacting to nonpublic events as the basis for their sales of PC common stock. It is impossible to dismiss the timing of the stock sales by certain of the nine mstitutions during the subject time periods in May and June as mere coincidence. When the Committee staff first began its investigation of the Penn Central collapse, various financial institutions were subpoenaed for additional information regarding their transactions with the Penn Central. The selection of the financial institutions was based on an evaluation of preliminary data by the Committee staff showing certain relationships between the financial institutions and Penn Central. The analysis of the stock sales as discussed in this report took place several months after the selection occurred of the financial institutions that were subpoenaed. As a result, only five of the nine institutions included in this analysis were among those from whom additional information has been receivedâ€"Chase Manhattan, Morgan Guaranty, Continental Illinois, Provident National, and United States Trust. Additional information was available from other sources regarding three of the remaining four financial institutionsâ€"Alleghany Corporation, Investors Diversified Services, and Investors Mutual, Inc. Additional information regarding Penn Central stock transactions was not readily available for only one of the nine financial institutionsâ€"Security Pacific National Bank. In addition to its transactions involving Penn Central common stock, Chase Manhattan had other significant relationships with the Company. Chase Manhattan was also a member of the member Bank Steering Committee that represented the banks participating in the proposed Government guaranteed loan in May and June see Table 5. As shown in Table 7, Chase Manhattan sold , shares of PC common stock during the period April 1, , through June 19, â€"17, shares in April, , shares in May, and , shares in the first 19 days of June. Louis 22 , were sold during the period May 19 through May 27 see Table The sales on these seven trading days accounted for over 60 percent of the total shares sold by Chase during the period April 1, , through June 19, The sales of PC common stock by Chase Manhattan on these four trading daysâ€"May 22, 25,26 and 27â€"accounted for almost 58 percent of the total shares sold by Chase during the period April 1, , through June 19, Morgan Guaranty Trust Co. In addition, Morgan was a member of the member Bank Steering Committee. As shown in Table 9, Morgan Guaranty sold most of its shares during the period May 29 through June For the entire period May 29 through June 10, Morgan Guaranty sold , shares, or almost 86 percent of its total sales during the period April 1, , through June

19, The material submitted by Morgan Guaranty does not explain the basis for its heavy sales of PC common stock during the period May 29, , through June 10, No explanation was contained in the Morgan submission regarding this change in procedure. Continental was also a member of the member Bank Steering Committee and attended the meetings that took place during the period June see Table 5. On June 12, Continental sold , shares, over 32 percent of the total shares sold on the Exchanges that day. For the entire period June 12 through June 19, Continental sold , shares, or almost 87 percent of its total sales of PC common stock for the period April 1, , through June 19, The document concludes with the following sections: The Stock Selection Committee recommends the sale of the common stock in all accounts. Recent events indicate that the likelihood of returning to a profitable basis appears quite distant at this point in time. Despite the possibility of government aid in securing additional financing, the basic operational problems of the railroad company will still remain and it is doubtful that substantial losses can be avoided for the foreseeable future. Kirbyâ€"was a member of the Board of Penn Central. In recent years, Alleghany Corp. In addition, Alleghany Corp. The stock sales during May by these three institutions totaled , shares: On May 27, the three institutions sold , sharesâ€"almost 92 percent of the total shares sold on the Exchanges for that dayâ€"Alleghany Corp. On May 19, IDS and Investors Mutual sold a total of , shares, almost 70 percent of the total shares sold on the Exchanges that day. The two institutions also had heavy sales of PC common stock on May 14 and May The dates of the stock sales by these three institutions during May raise serious questions regarding the basis for these sales, particularly the sales on May 19, 21, and Penn Central did not make this decision public, however, until the afternoon of the next day, May 28, see Table 5. Another interesting factor is that the stock sales by the three Alleghany-related companies on May 27, , apparently completely depleted the PC common stock holdings of the three institutions. The institutions had no more sales of PC common stock during the period May 28, , through June 19, A listing of PC common stockholders as of June 26, , does not show any holdings for Alleghany Corp. The sales by Provident, which took place on many different dates during the subject time period, do not appear to follow any set pattern. Documentation supplied by Provident shows that the decision to dispose of its PC common stock holdings was made on May 28, As the data in Table 9 shows, however, Provident had already disposed of 17, shares prior to May 28, all but 1, of which were sold during the period May 1 through May 27, Louis 25 As noted previously, Security Pacific was the only one of the six commercial banks included in this study whose records were not subpoenaed, because research of available information at the time the Committee approved the issuance of subpoenas failed to disclose any significant relationships between Penn Central and Security Pacific. Security Pacific was not a member of the Bank Steering Committees, nor did it apparently hold any substantial amounts of PC debt. Trust Company was the sixth domestic banking institution to sell more than 30, shaies during the period April 1, , through June 19, As in the case with Security Pacific, however, there does not appear to be any relationship between the stock sales and the significant nonpublic events that occurred during this time period. Evaluation of the U. Penn Central and its subsidiaries had no deposits in U. Trust nor did U. Trust hold any debt of the subject companies during the period January 1, , through August 28, The submission by U. Trust did not indicate which holdings were in discretionary accounts and which were in non-discretionary accounts. As discussed in detail above, there is a strong possibility that some of the nine institutions included in the analysis were selling shares of PC common stock on the basis of certain nonpublic events. This is articularly true with respect to the stock sales by Chase Manhattan lank, Alleghany Corp. The dates of the stock sales by these four institutions coincide so closelv with the occurrence of certain highly significant nonpublic events "that the possibility of "pure coincidence" appears extremely remote. In addition, there appear to be serious questions regarding certain stock sales by Continental Illinois National Bank and Trust Co. The exact bases for some of the stock sales by these three institutions is not discernible from the available information. However, the probability that some of these sales by the three institutions were related to certain nonpublic events cannot be dismissed. The trading in stock of a company on the basis of nonpublic events involves very serious legal and ethical questions that must be resolved.

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Chapter 2 : Robert F. Kennedy - Wikipedia

Penn Central national intriguept. 5. Trading in Penn Central stock: financial institutions and privileged information. Trading in Penn Central stock: financial.

Herdman, Chief Accountant Paul F. Good morning, everyone, and welcome. This is our first investor summit, but it surely is not our last. As I am certain everyone interested in our capital markets agrees, we are at a critical juncture in how we regulate our markets. To address the crisis of confidence in our markets, we are on the verge of the greatest overhaul of securities regulation since this commission was created nearly 70 years ago. Nothing is off the table, as we seek to modernize our regulatory structure and restore investor confidence. The policies that we have announced or adopted over the past eight months that I have been privileged to serve as SEC chair will shape securities regulation for the coming decades and will affect how all of us save and invest to send our children to college, prepare for retirement, and accomplish our other financial goals. Individual investors are our most important constituency. The SEC has two critical mandates: As many of you know, I started my career here. Over the past 25 years, our markets have changed dramatically, and the need for smarter regulation has increased. In my first eight months in office, we have confronted several unprecedented crises: The problems that created these crises have festered for many years but were not resolved. We can no longer ignore them. Because individual investor confidence in our markets is absolutely critical, we decided to make it easier for investors to talk to us about their concerns, their goals, their ideals, their questions, their criticisms, and their opinions. Already, hundreds and hundreds of investors have e-mailed or telephoned us their comments, suggestions, and questions, and we are going to do our best to try to address them this morning. As one investor, John, wrote, quote, "Our economy must have the faith of the average investor to succeed. This summit is intended to be a forum where individual investors can communicate directly with the commission and can make their views known. We will have a discussion with the panel for the next two hours or so and then take a short break. We set up a special e-mail address, summit sec. Even after this first summit is over, we are going to keep that e-mail address and that telephone number open so that investors always have a place that they can go to to let us know how they feel. Members of the live audience should feel free to write down any questions they would like addressed. Because our goal is to respond to the inquiries of individual investors, I ask that the press refrain from submitting questions during this period. We will do our utmost to respond to press inquiries separately. Our Office of Investor Education is making sure they are routed to the office or division within the commission that has responsibility for the subject area, and they are providing the commission with copies of these communications, as well. Thank you very much, Harvey. I hope you will answer some questions from the floor. Would you all stand? Before we get to the panelists, Commissioner Cynthia Glassman has a few opening remarks of her own. I would like to thank the chairman for planning this investor summit and Susan Wyderko for implementing it. When I was being considered for this position last summer, I met with the chairman to get an understanding of his goals and objectives for the commission. One of the first things he mentioned was a plan for an investor summit this spring. Clearly, the immediate trigger for this outpouring is the financial crises that we have experienced. However, the underlying causes have been developing for years. Two that seem particularly important are the growing gap, spelled g-a-p, between the information needs of the investing public and the clarity of information provided by the companies in which they invest. One of the reasons is the change in the way people fund their retirement. With the former, the retiree is a passive recipient of a stream of income. With the latter, the employee has to make investment decisions throughout employment and into retirement. The result of these and other changes is that the average investor almost needs the sophistication of an experienced money manager to effectively make investment decisions, and at the same time, financial markets have become more complex and financial reporting more difficult to understand. One of our goals is to help bridge the gap. We need to make sure that investors get the information they need timely, clearly, and accurately to make sound financial decisions, and we also need to help investors understand the risk-reward trade-offs they are making through investor education. This summit is part of our continuing efforts to meet our mandates of ensuring fair and efficient markets. I look forward to listening, learning, and sharing some of our thoughts. That way I know that the introductions will be done correctly and nothing important will be left out. And then we will each -- ask each of the panelists to open with some brief remarks on issues that they consider to be important. Good morning, ladies and gentlemen, members of the panel, members of the audience. It is an honor and privilege to be here and to participate on this panel that has dedicated so much time and attention to the important issue of investor education and assistance, and again, we thank you and welcome you participation today. I want to join in thanking Chairman Pitt for taking the initiative to set up this first SEC investor summit. Commissioner Glassman is also deserving of special praise, because immediately upon arriving at the commission, she spent several days listening and responding directly to investor complaints on our SEC hot-line. And finally, I want to thank Susan Wyderko and all the rest of the SEC staff that planned and set up this conference, responded to e-mail and voice-mail messages, and worked tirelessly to make sure that this forum was available for individual investors. My message to you today is education and information is important. We at the SEC work hard to give investors the tools to make informed decisions, and we strive to assure that the information filed with the commission is fair and accurate. Ultimately, however, the burden rests with individual investors to research the information and make intelligent investment decisions on their own. That is our electronic data gathering and retrieval system that incorporates most required filings here at the commission. Investors should review, among other things, the K and Q and more important reports filed by registrants on EDGAR before making decisions on which stocks to invest in. The commission and the staff want to continue to work with investors to make sure that the information reported on EDGAR and in other ways is up to date and reliable, and we welcome your suggestions on improving that process. Thank you very much. Thank you, Commissioner Hunt. My name is Joe Borg. My name is Bill Mann. I am the senior editor and senior analyst at the Motley Fool. Chairman, Commissioner Hunt, Commissioner Glassman, distinguished panelists, and fellow investors. There are problems, serious problems. There have been serious problems before. But our financial system has fueled so much innovation in every field of human endeavor. That faith today in our system is being tested. Our faith is also being tested by events outside our financial markets. The world has changed, and our markets are changing with it. Sadly, it appears that some who held positions of trust may have abused that trust. Much of the commentary on these revelations has asked whether a cancer of greed is overwhelming our financial system. I think that question is premature. That some terrible choices have been made is clear. In some cases, those choices have wiped out tens of thousands of innocent investors, and there must be accountability. But with all this bad news, the question for me is, what are we going to do about it? Doom and gloom are not the answer. We have to go to work and fix the problem, and getting to work is exactly what state securities regulators, the SEC, and other regulators are doing. My short answer is Wall Street is not corrupt. The states and the SEC and other securities regulators have opened an investigation into whether analysts or others broke the law. If they did, we will take appropriate action. I know, for example, the SEC is looking for ways to improve both the quality and timeliness of company information. Being regulators is not only responding to scandal. One way to do that, as mentioned by Commissioner Hunt, is investor education. The investor is the first line of defense against fraud, so we try and balance enforcement actions with as much investor education as we can afford. Our recent efforts, working with the SIA, such as a pamphlet on reading a -- how to read brokerage account statements, I think are paying off. Because they know more, they expect more. Though we do commend Congress for its recent decision to provide the SEC money for additional staff -- and another point. It is my hope that more and more investors, who are voters, will follow these sorts of issues. If the numbers are correct, then 52 percent of households are in the markets. That makes investors the potential for the most effective way of looking at legislation. Be involved in politics, write your state and Federal representatives. Some of those agendas may be detrimental to investors. Let me end where I began, focusing on the scandal that is now overwhelming. If we take a step back, we see that our financial markets are more transparent and fair than they were 10 years ago. We see that investors are better off, because they know more and have more options. The support system for all this is trust. So, those who violate the trust must be punished, harshly if necessary. Working with other regulators, we are investigating possible violations of that trust. Chairman Pitt, Commissioner Glassman and Hunt, it is such a privilege to be here today. I want to talk a little bit about my beginning, and that beginning was as a math teacher.

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The Penn Central Failure and the Role of Financial Institutions: Staff Report of the Committee on Banking and Currency, House of Representatives, Part V: Trading in Penn Central Stock: Financial Institutions and Privileged Information: Staff Report of the Committee on Banking and Currency, House of Representatives, Ninety-Second Congress, First Session by United States.

After he stepped down as ambassador to the United Kingdom in , Joe Sr. He also urged the younger children to examine and discuss current events in order to propel them to public service. Although he made little effort to get to know his younger brother during his childhood, John would take him for walks [9] and regale him with the stories of heroes and adventures he had read. During his childhood, Kennedy spent summers and early autumns [14] with his family at their home rented in , then purchased in [15] in Hyannis Port, Massachusetts , and Christmas and Easter holidays at their winter retreat in Palm Beach, Florida , later purchased in He attended Riverdale Country School â€”a private school for boysâ€”from kindergarten through second grade. He then attended Bronxville Public School in lower Westchester County from third through fifth grade. He repeated the third grade. She added, "It seemed hard for him to finish his work sometimes. But he was only ten after all. Kennedy would later recall that during childhood he was "going to different schools, always having to make new friends, and that I was very awkward He also decorated his bedroom with pictures of U. He also became an avid stamp collector and once received a handwritten letter from Franklin Roosevelt , who was also a philatelist. He attended the private Gibbs School for Boys in London for seventh grade. In April , he gave his first public speech at the placing of a cornerstone for a youth club in England. According to embassy and newspaper reports, his statements were pencilled in his own hand and were delivered in a "calm and confident" manner. She enrolled him in Portsmouth Priory School , a Benedictine Catholic boarding school for boys in Portsmouth, Rhode Island , which held daily morning and evening prayers and Mass three times a week, with a High Mass on Sundays. He was defensive of his mother, and on one occasion chased a student out of the dormitory after the boy had commented on her appearance. Navy , that he would be visiting his brother "because he might be killed any minute". In letters to her son, Rose urged him to read more and to strengthen his vocabulary. He invited Hackett to join him for Sunday mass. Hackett started accompanying him, and was impressed when Kennedy took it upon himself to fill in for a missing altar boy one Sunday. One of his first relationships was with a girl named Piedy Bailey. The pair was photographed together when he walked her home after chapel on a Sunday night. Bailey was fond of him and remembered him as being "very appealing". She recalled him being funny, "separate, larky; outside the cliques; private all the time". Soon after he transferred to Milton, he pressed his father to allow him to enlist, as he wanted to catch up to his brothers who were both serving in the military. For this, he was nicknamed "Fella". Despite this, his schoolmates would later say the school had no prejudice. He had an early sense of virtue; he disliked dirty jokes and bullying, once stepping in when an upperclassman tried bothering a younger student. Close family friend Lem Billings once remarked to Joe Sr. Billings commented that the only similarity between Robert and Joe Sr. In response, Kennedy developed a tough persona that masked his gentle personality, attempting to appease his father. However, he had the family chauffeur driving him in a Rolls-Royce so that he could make his deliveries. His mother discovered this and the deliveries ceased. Robert Kennedy was a ruthless opportunist who would stop at nothing to attain his ambitions. He talked of filling his free time by taking classes with other sailors and remarked that "things are the same as usual up here, and me being my usual moody self I get very sad at times. With others entering combat before him, Kennedy said this made him "feel more and more like a Draft Dodger sic or something". He was also frustrated with the apparent desire to shirk military responsibility by some of the other V students. He appeared completely heartbroken and his peer Fred Garfield commented that Kennedy developed depression and questioned his faith for a short time. Further study and journalism â€” In September , Kennedy entered Harvard as a junior, having received credit for his time in the V program. His teammates admired his physical courage. He was five feet ten and pounds, which made him too small for college football. Despite this, he was a fearless hitter and once tackled a pound fullback head-on. Wally Flynn, another player, looked up in the huddle after one play to see him crying after he broke his leg. He disregarded the injury and kept playing. Representative seat that was vacated by James Curley ; he joined the campaign full-time after his naval discharge. Biographer Schlesinger wrote that the election served as an entry into politics for both Robert and John. He held out some hope after seeing Arabs and Jews working side by side but, in the end, feared that the hatred between the groups was too strong and would lead to a war. Landis , William O. As a result of this, Joe Sr. Department of Justice ; the section was charged with investigating suspected Soviet agents. Senate campaign in Massachusetts. He resigned in July , but "retained a fondness for McCarthy". Edgar Hoover had been forewarned by Cohn and denied him access, referring to RFK as "an arrogant whipper-snapper". The animosity grew to the point where Cohn had to be restrained after asking RFK if he wanted to fight him. Junior Chamber of Commerce. His father had arranged the nomination, his first national award. This later changed after Kennedy was appointed attorney general, where Hoover saw him as an "unprecedented threat". Kennedy was given authority over testimony scheduling, areas of investigation, and witness questioning by McClellan, a move that was made by the chairman to limit attention to himself and allow outrage by organized labor to be directed toward Kennedy. They believed Kennedy covered for Walter Reuther and the United Automobile Workers , a union which typically would back Democratic office seekers. Amidst the allegations, Kennedy wrote in his journal that the two senators had "no guts" as they never addressed him directly, only through the press. JFK presidential campaign In , Kennedy published the successful book, which he had drafted over the summer of the previous year, The Enemy Within, describing the corrupt practices within the Teamsters and other unions that he had helped investigate. Biographer Evan Thomas wrote that the book was a bestseller and could have launched a political career on its own, but "family duty called", [79] and Kennedy went to work on the presidential campaign of his brother, John. This did not sit well with some Kennedy supporters, and Robert tried unsuccessfully to convince Johnson to turn down the offer, leading him to view Robert with contempt afterward. These concerns were mostly calmed after JFK delivered a speech in September in Houston where he said that he was in favor of the separation of church and state. Kennedy spoke with Georgia governor Ernest Vandiver and later, Judge Oscar Mitchell, after the judge had sentenced King for violating his probation when he protested at a whites-only snack bar. Kennedy appointed his younger brother attorney general. The choice was controversial, with publications including The New York Times and The New Republic calling him inexperienced and unqualified. However, their father overruled the president-elect. Hilty concludes that Kennedy "played an unusual combination of rolesâ€"campaign director, attorney general, executive overseer, controller of patronage, chief adviser, and brother protector" and that nobody before him had had such power. He is very much the doer in this administration, and has an organizational gift I have rarely if ever seen surpassed. Convictions against organized crime figures rose by percent during his term. We will not stand by or be aloofâ€"we will move. I happen to believe that the decision was right. But my belief does not matter. It is now the law. Some of you may believe the decision was wrong. That does not matter. It is the law. He demanded that every area of government begin recruiting realistic levels of black and other ethnic workers, going so far as to criticize Vice President Johnson for his failure to desegregate his own office staff. Asked in an interview in May , "What do you see as the big problem ahead for you, is it crime or internal security? Despite a work rule which allowed a driver to decline an assignment which he regarded as a potentially unsafe one, he persuaded a manager of The Greyhound Corporation to obtain a coach operator who was willing to drive a special bus for the continuance of the Freedom Ride from Birmingham, Alabama, to Montgomery, Alabama, on the circuitous journey to Jackson, Mississippi. Marshals and National Guard he sent had secured the area. King proceeded to berate Kennedy for "allowing the situation to continue". King later publicly thanked him for dispatching the forces to break up the attack that might otherwise have ended his life. He believed the continued international publicity of race riots would tarnish the president heading into international negotiations. In September , Kennedy sent U. The attorney general had hoped that legal means, along with the escort of U. He also was very concerned there might be a "mini-civil war" between U. Army troops and armed protesters. Steel At the direction of the president, Kennedy also used the power of federal agencies to influence U. Steel not to institute a price increase.

Chapter 4 : CiNii å›³æ›¸ - Trading in Penn Central stock : financial institutions and privileged information

pt. 1. Effects of Penn Central's diversification program on the railroad's cash positionpt. 2. Case study of a Penn Central subsidiary: Executive Jet Aviationpt. 3. Pennphil, misuse of corporate power. --pt. 5. Trading in Penn Central stock: financial institutions and privileged information.

At Penn he was a member of Theta Chi fraternity. At his retirement in at the age of 87, he had been on the staff of Abington Memorial Hospital longer than any other physician there. Army Air Corps at a base in Louisiana. One of his sons is James M. At Penn he played varsity football. Encouraged by then rowing coach Rusty Callow, he joined the crew team his sophomore year, later becoming captain. He went on to win the national and Canadian single sculls championship for four consecutive years and was two-time winner of the Diamond Sculls at the Henley Regatta , Sullivan Award in as the outstanding amateur athlete in the United States. His younger brother, James, who also rowed for Penn, became a PT boat skipper in the Pacific but was killed during the war. After coaching freshman crew at Yale University in the late s, Joe returned to Penn to coach the varsity crew team from to Known also as a training innovator, he started weight-training programs for Penn rowers and pioneered the use of electronic equipment to measure the contributions of individual oarsmen on a boat. Elected to the U. He established battle-area hospitals during the Battle of the Bulge, for which he was awarded two Bronze Stars and five battle stars. He was one of the first American medical officers to examine prisoners at the Buchenwald, Cham, and Mauthausen concentration camps. Following his retirement from the Army, he joined the surgical staff of the Jackson Clinic in Madison. He then served as school finance consultant for the State of New Jersey until Cisco, and Clifton Springs hospitals; Feb. He served in the U. She initiated its Samuel A. Blank Research Fund named in honor of her husband, the late Samuel A. One of her sons is Robert S. His children are Samuel A. He continued seeing his last patients in nursing homes until age At Penn he was captain of the champion crew team. Army Intelligence in Germany. He had served in the U. Army during World War II. In later years he also administered hormone therapy for transsexual people who were considering sex-reassignment surgery. He had started there as a meter reader. He was a veteran of World War II. Air Force in the Pacific Theater. His sons are Dr. He worked for Kaiser Aluminum in Oakland from until his retirement in Army and Navy; Feb. Also a violinist, he was concertmaster of the orchestra while at Penn. In he launched the PV-2, a small single-seat helicopter with a three-blade rotor, making him the second American to build and fly a helicopter. In he formed the Piasecki Aircraft Corp. The helicopters he developed, including the U. At the time of his death he was actively inventing and refining helicopter accoutrements, including a ducted fan to replace the vertical tail rotor. His daughter is Nicole W. He began practicing law in the city in , and in became the first African-American prosecutor in Summit County. He was sworn in as municipal judge in and retired in Long associated with Stillman College, he served on its board, ; in a residence hall was named in his honor. He retired in , with 36 years of service. He was also an inspector of contracts with the Philadelphia Housing Authority for nine years. Army in the Pacific. His brother-in-law is Dr. His early masterpiece, The English Common Reader: A Social History of the Mass Reading Public , was celebrated last year by scholars at the University of Oxford on the 50th anniversary of its publication. Following retirement, he wrote Paintings from Books: Art and Literature in Britain, Army in the Pacific Theater and served as chief of dental services at the th Station Hospital. At Penn she was a member of Sigma Delta Tau sorority. In she set up a scholarship for students at the University. At Penn he was a member of the crew team. He left law in to become a broker for Avalon Real Estate. Navy aboard destroyer tenders in the South Pacific. He had practiced in firms in Wilkes-Barre, Pa. Army stateside, retiring as a major. He returned to Penn in as assistant secretary of the University. He served as secretary of the University, With the launching of the major campaign Program for the Eighties, he was named vice president for development under senior vice president E. His accomplishments at Penn included the development of the central academic calendar, the Alumni Council on Admissions, and the Small

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Communities Talent Search, in which the Admissions Office worked with high school students in rural areas of Pennsylvania to recruit promising students. After retiring in , he continued working at the University as a consultant and was involved with the Kelly Writers House. He was a member of the executive board that funded the complete renovation of the Class of Garden at Kelly Writers House. He received the Alumni Award of Merit in Two of their sons are Thomas W. Army Air Corps in the South Pacific. Formerly chief counsel and associate deputy commissioner of the Federal Housing Administration, he remained devoted to the cause of affordable housing throughout his life. At Penn she made nationals in both field hockey and lacrosse and qualified for the U. Olympic Team to play in Berlin in His career in investment banking spanned four decades. Army and later remained in the Army Reserves for 11 years, retiring with the rank of major. She retired from Chatham Park Elementary School in She attended Penn on a scholarship. Her husband is Edgar G. He practiced corporate law, serving as chair of the firm, , and as co-chair, He retired as an active partner in and remained as counsel through His most-noted case was in the late s, when he was co-counsel in the defense of Philadelphia chemist Harry Gold, who passed secrets to convicted spies Ethel and Julius Rosenberg. His sons are Augustus S. Two of his brothers, Frederic L. A pastoral-care counselor who worked with the terminally ill for more than two decades. He had worked for the firm since Fifth Air Force in the Pacific. At Penn she was a member of Kappa Alpha Theta sorority. He was deputy sheriff for the city, Naval intelligence, including at Pearl Harbor. He then served as an associate professor at Emory University Business School and a faculty adviser to Beta Alpha Psi, an accounting fraternity. He was a U. Navy veteran of World War II. Price and Dallas P. Price Professor of Law Emeritus; Feb. Joining the law faculty in , he went on to serve as dean, , before retiring in Navy, as a commanding officer of a submarine chaser. Despite losing his eyesight due to detached retinas in the early s, he continued as an executive with Rouse until his retirement in At Penn he played football under George Munger all four years. Following graduation he was drafted by the Washington Redskins and San Francisco 49ers; a horseback-riding accident ended his chance at a professional career. He was the owner of Huntingdon Industries, , and then Seamco, a manufacturer of sports balls in Hatfield. He had served in the civil engineering corps of the U.

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Chapter 5 : Gazette | Alumni: Obituaries

Trading in Penn Central stock: financial institutions and privileged information ï¼ˆThe Penn Central failure and the role of financial institutions: staff report of the Committee on Banking and Currency, House of Representatives, 92d Congress, first session, pt. 5ï¼‰.

Latin America in the s. The Role of the Periphery in World Crisis, pp. Industrialization and the State in Latin America: The Postwar Years, pp. Their publication is a landmark event, and these volumes should provide an essential reference on the economic history of the region for some time to come. Each volume stakes out one of three principal subperiods: Each volume begins with one or more introductory and thematically oriented chapters that set out the central economic and historiographic issues for the period, followed by chapter-length studies of particular countries. The authors of the country studies in each volume all occupy central positions in their fields, and most are Latin Americans themselves. One of the many attributes of this collection is to disseminate their work widely in Britain and North America. This review will concentrate primarily on volumes one and three. The second volume is a reprint of Latin America in the s, edited by Rosemary Thorp and first published in This ambitious project also yielded an overview volume, Progress, Poverty and Exclusion: It has been reviewed for EH. NET by Alan Taylor. The result was an extraordinary demand for raw materials and the opportunistic response of most Latin American nations. While geography, natural resource endowments, and domestic social and political features shaped the particular way in which each nation engaged the world economy and was in turn shaped by that engagement, the underlying factors convincingly justify the unity of a regional periodization. While our understanding of the overall contours of this story and its periodization have in many ways remained unchanged over the past half century, important aspects have changed remarkably, even over the past decade. Several merit particular mention. First, recent monographs have increasingly examined the significance of early industrialization in countries like Brazil and Mexico over the period In these cases and others, investment in domestic manufacturing came precisely when producers in the North Atlantic countries could place ever cheaper and better quality goods in Latin American markets. While export growth and export linkages help us understand the changing domestic markets that made large scale domestic manufacturing possible, they were nowhere sufficient. New investments to import foreign technologies and erect large factories made sense only with programs of government protection, both at state and national levels. While these efforts are not detailed in any of the chapters here, there is widespread recognition of the role of the state in shaping investment patterns in the export sector as well as in other activities. Several chapters incorporate this revisionist story, although it is notably ignored in the title and to a great extent in the introductory chapter of volume one. The pessimism, which colored much of the scholarship on the export age before the s, has given way to a more complex and mixed account. The revisionist argument that late nineteenth century export growth provided a significant foundation for twentieth century development including physical infrastructure, manufacturing capacity, state capacity, and human capital is present in a number of the accounts here. The chapters on Colombia and Bolivia state this most clearly see, for instance, p. What is missing, however, is a broader assessment of the way in which linkages, spillovers, and externalities of export sector growth were not narrowly economic in scope but shaped fundamental social and political transitions during the period. In contrast to the generally pessimistic tone of many earlier accounts of nineteenth century development â€" its dependent nature, limited technology transfer, rising inequality â€" this volume offers a more positive account of substantial growth, of a new foundation for future development, and of the creation of a modern state. Volume two, Latin America in the s, compiles papers first written in and and subsequently published in The current volume is an exact reprint. I touch on it only briefly here as it was extensively reviewed fifteen years ago. Despite its age, these contributions still stand as authoritative assessments of the region during and immediately following the Great Depression, and this holds true both for the summary chapters by Carlos D? Two issues strike me as I read the volume now, nearly two decades after it was first written. First, the moderately revisionist view of these contributions still holds up: In particular, nearly every one of these country studies note that import substituting industrialization ISI was already underway, and most decisively so in the larger nations. This is not to say, however, that the accounts presented here can be ignored because they are dated â€" quite the contrary. They continue to provide our most authoritative assessment of the macro-economic crisis and response during that crucial era, and it might be argued that their pre-crisis perspective provides us with an important corrective to the consistently critical assessments of recent years. Needless to say, the more recent work of Enrique C? Volume three, Industrialization and the State in Latin America, makes the issue of state intervention explicit. Although state-led industrialization, import substituting industrialization ISI , or desarrollo hacia afuera has had its critics since the s, it has been roundly vilified over the past decade or so as responsible for many if not most of the current ills of the region. The lead chapter in this volume provides a revisionist view â€" the first synthesis of the region and era written over a decade after its final collapse in the early s. On one hand, the authors generally do not question the now-common acceptance of the inefficiencies generated by the long duration of highly protective policies, although most prefer not to dwell there long. On the other hand, the authors balance this pessimistic view with an appreciation for the development that occurred in most countries through the period. This included most importantly the linkages of industrial growth to technological capacity, the emergence of effective national states, and the development of social infrastructure, including human capital. This is most explicit in the overview chapters and the account of Argentina, but runs through each chapter in some form. Most of the contributions in this volume also prefer to view the policy foundations of ISI as a result not of domestic policy errors or a rent-seeking political economy, but of rational short-term responses to international and macroeconomic circumstances in a world where few alternatives appeared feasible. By the s, recurring macroeconomic crises and growing social conflict made the aggressive pursuit of alternative paths even more difficult. Although many countries began a retreat from the more aggressive version of ISI in the s and s or began to include some export incentives, as in Brazil , its final demise was driven only by the severe external shocks and domestic crises of the early s. How the substantial if problematic industrial growth that occurred from to was accompanied by a significant improvement in human development though also by the persistence of high inequality is alluded to but not explored in detail. Both provide uncommon and extremely useful perspectives on central actors and outcomes of the ISI era. These two chapters provide novel views of the era of accelerated industrialization, but the chapter by Katz and Kosacoff is weakened by a vagueness that runs through many of the country studies as well. Author after author asserts the importance of institution building in the post-war era, but institutions remain rather opaque black boxes throughout. The extensive contributions of recent work on property rights institutions and positive political economy finds little reflection here. Most of the country chapters in volume three emphasize the tremendous change in social welfare experienced by most countries. In the companion volume, Progress, Poverty and Exclusion, Rosemary Thorp summarizes the change between and Most chapters here also point out how economic growth and average welfare did not mean better income distribution â€" often quite the opposite. Although the implicit suggestion is that social welfare and economic growth are somehow linked, largely ignored is the more direct and causal relationship between politics â€" a combination of populist politics and the maturation of the basic elements of modern welfare states â€" and social welfare. The chapters on Venezuela and Brazil present the best accounts of the social consequences of particular growth experiences, although these two present more discouraging accounts of social welfare development than most other countries in the region. The problem throughout is not so much the uneven inclusion of social welfare issues, but rather the lack of an explanation for the relationship among social welfare, inequality, and economic growth. All three volumes approach Latin American economic history largely from a macroeconomic perspective and with a particular emphasis on the international context. The influence of a distinctly British-style development economics is clear throughout. While the role of the state is a central component of nearly all national stories told in these volumes, and while institutional approaches are touched on here and there, accounting for domestic political economy is absent from most, as is the broader social context. Furthermore, issues such as labor, technology, and consumers receive relatively little coverage, with a few notable exceptions. Despite the superb quality of all of these country studies, I will offer two complaints. The first may not be entirely fair. The country studies in all three volumes provide â€” as advertised â€” economic histories of national export sectors and their linkages. While the accounts here are impressive, this historian still awaits a more broadly conceived economic history of Latin America since the mid-nineteenth century, an account that would incorporate a broader synthesis of economic and social history within the narrative story. One exception in this first volume is the fine synthesis of export, agricultural, and manufacturing issues in Mexico by Alan Knight, notably further outside the field of economic history than most of the contributors. Secondly and more frustratingly , there are distressingly few citations and references in these volumes to scholarship after or so. Given the wealth of new insights that economic historians of the region have offered over the past ten years, this suggests a volume that teeters on the verge of outdatedness at publication. Certainly the tremendous time and logistics that went into the production of these volumes necessitate substantial lag between composition and publication, but the gap here is occasionally striking. Together, however, these contributions succeed in reflecting the sea change in our understanding of the economic history of the long twentieth century in Latin America. In conclusion, these volumes provide a sorely needed single source on the economic history of modern Latin America. These volumes will prove an enduring and much used reference for present and future economic historians. No other source matches the comprehensive, concise, and sophisticated accounts presented here. As important as this contribution is, however, it speaks only to the converted. Do these volumes speak to non-economic historians? Do they help convince historians of other persuasions that the economic history of their nations-of-study is not only interesting but necessary in order to understand social and cultural history? Do these volumes make this argument â€” at least implicitly â€” in a way that is accessible and compelling to those skeptical of the accessibility and relevance of economic history? I think the answer is a tentative yes, although I wish that I could say so with less hesitation. Recently the chasm between economic history, on one hand, and social and cultural history, on the other has widened considerably. This has been nowhere more true than within Latin American history in the United States. I recently attended a seminar of Latin American historians at an institution not too far from my own where I was shocked not so much by the presence of antipathy and scorn for social science approaches, as by its vehemence. What the broader community of Latin American scholars need from economic historians are works that seek to bridge or reach across that gap. With the exception of several chapter contributions here for instance, those by Alan Knight and Roberto Cort? I should note that the summary volume Progress, Poverty and Exclusion by Rosemary Thorp does a better job of presenting a compelling economic history to non-economists, although it too falls short of this ideal. This review cannot do justice to the rich variety of the thirty-three separate chapters collected in these volumes. Suffice it to say that nowhere else will the economist or historian find such a useful collection of concise and authoritative accounts. The concerns I have expressed in this review touch more on what I would have liked to see than on the quality of what is presented, which is excellent throughout. The introductory and overview chapters of the three volumes are alone worth the price of purchase. These should be required reading for every graduate student in the field â€” and for the rest of us as well. Together these volumes will provide an indispensable reference for future efforts to evaluate and re-evaluate what will continue to be a much-debated era in Latin American economic history. He has recently published a book on industrial policy in Mexico, Institutions and Investment: The Political Basis of Industrialization in Mexico before Stanford University Press, , and is currently working on the history of technological change in Mexico during the same period. Mexico and the Caribbean Time Period s:

Chapter 6 : [USC10] 11 USC Ch. REORGANIZATION

Penn Central loses four million dollars: a story of international intrigue. --pt. 5. Trading in Penn Central stock: financial institutions and privileged information. Reviews.

Thus, the Farm Credit System, for example, exists to improve "the income and well-being of American farmers and ranchers by furnishing sound, adequate and constructive credit and closely related services. Proponents of small government may welcome the introduction of an element of private control into most realms of public administration as a means of preparing for the privatization of federal functions. Democratic socialists may view wholly or even partly owned government corporations as a means of capturing the rents and profits from public activities or natural monopolies for the benefit of the public fisc. Political Insulation Like independent agencies, FGCs allow Congress to insulate a program from the cabinet department that would normally have jurisdiction over it. Congress may feel that a small single-mission agency will be more zealous in furthering a given goal than a department in a multimission agency. Subsidy An FGC may be designed to create a captive agency for a constituency. The eight privately owned GSEs are a particularly effective means of delivering subsidies through the credit markets. Subterfuge FGCs classified as either mixed-ownership or private tend to be given "off budget" status. When Congress operates under spending caps or deficit reduction targets, pursuant to the Gramm-Rudman-Hollings budget reduction process for example, off-budget items are usually excluded from the official total "spent" by the government. Its status as a public or private body shapes the rights and remedies of any person who has a legal or commercial relationship with the corporation, whether she is employed by it, transacts with it, competes with it, makes a contract with it, is injured by it, or commits a fraud upon it. Because FGCs are federal, they are not subject to regulation by the states. Because they are governmental, and often have special powers or access to cheaper capital, they are largely immune from market forces. Because they are corporations, they are exempt from most constraints ordinarily applied to federal agencies. A self-funding, self- perpetuating, profit-making corporation enjoys a degree of potential, and perpetual, independence undreamed of in most agencies. Ordinary state-chartered corporations exist to further privately selected goals, often the quest for private profit. Their liberty to abuse their powers is curbed by market forces and by public and private laws enacted by both the state and federal governments. Ordinary federal agencies are established to further publicly selected goals, defined, in at least a general fashion, by Congress and the President. In practice, neither public nor private accountability mechanisms are necessarily effective when applied to many FGCs. Nor are there any visible limits on the powers that may be granted to private FGCs. The courts have had few occasions to consider whether private or public FGCs undermine the separation of powers or whether the Appointments Clause of the Constitution applies to directors of an FGC. Similarly, because no laws set out the duties of FGC directors appointed by the President, whether they have the same duties as FGC directors elected by shareholders is unclear. In practice, because both market discipline and federal regulatory activity are limited, many FGCs remain free to operate as they wish, regardless of how they are classified. These two cases, together with federal government practices before World War I, establish three clear principles concerning FGCs. First, the federal government may charter private corporations. Third, the federal government may give special advantages and powers, such as state and federal tax exemptions or control of the money supply, to a private federal corporation. No subsequent court decision has seriously questioned any of these general principles. National Railroad Passenger Corp. A corporation created for public purposes over which the government retains permanent control is a federal actor. If an FGC is considered public, then it shares a number of features with traditional agencies. A public FGC must be part of the executive branch of government. On the other hand, if an FGC is considered private, then the Constitution does not apply to most of its activities, unless Congress has exceeded its powers in creating the FGC. Otherwise, the Constitution applies as it would to any other private transaction. State, State Actor, or Private Actor? A congressional declaration that a body is an "agency" or a "private" body may be entitled to great weight, but it cannot be the final word on the subject. Even if Congress can make a heretofore private activity public, it certainly cannot label a public agency private, thus taking it and its employees outside due process and other constitutional restraints. The Supreme Court has addressed the specific legal status of government corporations several times, starting with McCulloch and Osborn. Five years after Osborn, the Supreme Court confronted the following argument: A suit against a bank owned solely by a state government was, in fact, a suit against the state government itself and, therefore, forbidden by the Eleventh Amendment. In some cases it owes its funding to Congress as well. In other cases, some or all of its directors are appointed by the President. An FGC thus may fit the profile of "state"--not just "state actor"--much better than, say, a private parking lot operated on municipal property. Western Union Telegraph Co. The responsibilities of the federal directors are not different from those of the other directors--to operate Conrail at a profit for the benefit of its shareholders. Thus, Conrail will be basically a private, not a governmental, enterprise. In the Regional Rail Reorganization Act Cases, however, the government did far more than passively hold Conrail stock. The federal government created Conrail. It surely cannot be that government, state or federal, is able to evade the most solemn obligations imposed in the Constitution by simply resorting to the corporate form. On that thesis, Plessy v. Ferguson can be resurrected by the simple device of having the State of Louisiana operate segregated trains through a state-owned Amtrak. Lebron was actually an easier case than the Court made it seem. Lebron thus represents a missed opportunity to link FGC case law to the federal actor test. Unfortunately, not every case involving an FGC is likely to be as simple as Lebron. Neither the state action doctrine nor whatever principles that can be extracted from precedent provides a sufficiently clear standard for determining whether an FGC that is not wholly owned by the government is public or private. On one hand, Congress chooses the instruments that are necessary and proper to achieve valid ends. Because private enterprise is a valid means to valid ends, the fact that the government facilitates the creation of private enterprise does not render that enterprise either public or invalid. Indeed, any rule requiring FGCs to comply with the constitutional mandates applicable to federal agencies could easily extend to all other private corporations. If the state action doctrine means anything, it is surely that the government cannot contract out of the Constitution. Mixed-Ownership FGCs For the same reasons that a wholly owned corporation should be treated as a federal actor, both Lebron and the state action doctrine suggest that any mixed-ownership FGC in which the federal government owns more than half the shares should be treated as a federal actor for constitutional purposes. If shareholding is very dispersed, no group may have complete control of a mixed-ownership FGC. In such cases, coalitions may form and shift from issue to issue or year to year. These esoteric contingencies illustrate the difficulties that can result from the unclear status of mixed-ownership FGCs, but they are largely theoretical at present. As a result, although the government retains its statutory directors, it no longer has any shares in the large majority of "mixed-ownership" government corporations. Conversely, sometimes Congress designates a corporation as "mixed-ownership" even when there is no plan to sell any stock to private investors. These "public" directors sit alongside the private directors elected by the shareholders. Nondelegation of Public Powers to Private Groups If an FGC is a private body, its establishment can be viewed as a delegation of public power to a private group, much as authorizing an administrative agency to regulate is a delegation of legislative power. Viewed this way, it seems natural to ask whether there is a nondelegation doctrine for private groups akin to the nondelegation doctrine that prevents Congress from delegating standardless rule-making power to the executive branch. The agency version of the nondelegation doctrine limits delegations of legislative power; but the power of the agency to execute the laws is unquestioned. When a private body is the delegate, whether it has any right to exercise government power--legislative or executive-- is an issue. In Carter Coal, the Supreme Court struck down a statute authorizing coal producers and mine workers to vote on a regional basis to set hours and wages that would bind dissenters. Justice Sutherland described the statute as "legislative delegation in its most obnoxious form; for it is not even delegation to an official or an official body, presumptively disinterested, but to private persons whose interests may be and often are adverse to the interests of others in the same business.

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The Carter Coal doctrine is known as a nondelegation doctrine, but this name is misleading. Unlike the real nondelegation doctrine, which relies on the separation of powers to prevent Congress from making standardless delegations to administrative agencies, the Carter Coal doctrine is in fact a prohibition against self-interested regulation. The Carter Coal doctrine seeks to prevent private individuals from judging or regulating their own causes. If the President neither appoints nor removes private FGC directors, there is a strong argument, deriving from separation of powers cases, that FGCs cannot be given public powers. Settled constitutional principles prescribe that the only government agencies that may exercise executive powers are those in the executive branch. One way to read these cases, perhaps the most persuasive way, is to view them as concerned with the balance of power among the branches. Actions that weaken the President without transferring authority directly to Congress are less likely to be held unconstitutional. This view provides a simple way of reconciling Commodity Futures Trading Commission v. Although Morrison did not concern a delegation of power to a private group, Morrison asserts that there are core presidential powers with which Congress may not "interfere impermissibly," including the power to ensure the "faithful execution" of the laws. Second, the distinction between public and private functions is very vague. If either doctrine were made clearer, one side effect might be to reduce the sphere of action for FGCs. Assuming that the Carter Coal doctrine is still valid, nonetheless, it seems very unlikely that any existing FGC would be declared unconstitutional under it. Competition alone, even competition by an FGC powerful enough to set the market price, is not a constitutional violation. Modern FGCs do not legislate and do not ordinarily issue regulations binding anyone but themselves and their employees. Nor do most modern FGCs exercise powers traditionally reserved to the state. Limited Market Discipline FGCs are most commonly created to operate a self-sustaining bank, insurance, or other commercial activity. In either case, an FGC is usually created with the hope that it will be more efficient than a traditional government department. Although efficiency is a core justification for the existence of FGCs, in practice, FGCs are subject to a very limited degree of market discipline from bondholders, competitors, and shareholders. The absence of market discipline suggests that FGCs have little incentive to be efficient. As a result, FGCs are probably not as efficient as proponents hoped. Of course, this does not mean that FGCs are inevitably inefficient or that they could not become efficient if confronted with competitors. At one time or another proponents have claimed FGCs are appropriate for both commercial and noncommercial purposes, as the most efficient form of nationalization, and as preparation for eventual privatization. Truman summed up the received wisdom-- still current today--when he stated, "Experience indicates that the corporate form of organization is peculiarly adapted to the administration of governmental programs which are 1 predominantly of a commercial character; 2 are at least potentially self-sustaining; and 3 involve a large number of business- type transactions with the public. When Fannie Mae was established in it was the only truly national purchaser of home mortgages. Return on equity is perhaps the simplest crude measure, but its value is limited. Just because an FGC produces a high return does not mean that it is efficient. A fair comparison with the private sector must account for whether the FGC operates in a competitive market and whether it has comparable access to capital. The FGC may have been created to provide other social outputs, which are external to the FGC, or inherently hard to measure. Delivering is likely to be expensive; refusing to do so is likely to cause severe credit shortages in the relevant markets and to cause a great decline in confidence in the other FGCs in the credit markets.

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Chapter 7 : Multimodalways - Penn Central Transportation Co. Archives

Trading in Penn Central stock: financial institutions and privileged information U.S. Govt. Print. Off. The Penn Central failure and the role of financial institutions: staff report of the Committee on Banking and Currency, House of Representatives, 92d Congress, first session pt. 5.

Not Just Anna Nicole Smith: Cleavage in Bankruptcy David G. Epstein, Casey Ariail, David M. Epstein is George E. Prior to starting his own practice, he was a legal intern at the Federal Reserve Bank of Richmond. Abstract This is an essay about the unwarranted erosion of two basic bankruptcy principles: These are two of the most fundamental bankruptcy concepts. First courts and then Congress have fashioned rules favoring the prepetition unsecured claims of vendors and lessors that are inconsistent with these concepts. We explore the origins of such favored treatment, question the commonly offered policy justifications, and argue that the prepetition unsecured claims of vendors and lessors generally should be afforded the same treatment in bankruptcy as other prepetition unsecured claims. Introduction There was testimony in the litigation that gave rise to Stern v. Less understandable is why the Supreme Court referred to Ms. Marshall In re Marshall , B. Cleavage is just as important to those who pursue bankruptcy as to those who pursued Ms. In re DLC, Ltd. All bankruptcy cases start with the filing of a bankruptcy petition, U. Sweet In re Berge , 37 B. All characters and events in this essayâ€”even those based on real peopleâ€”are entirely fictional. White, Bankruptcy 18â€"38 explaining the commencement of cases under the various chapters of the Code. The filing of that bankruptcy petition effects a cleavage, separating the debts incurred before the filing of the petition from debts incurred after the filing of the petition. Office of the U. Courts, Judicial Facts and Figures tbl. Casey would have no further personal liability for his January 14 credit card charges and other prepetition debts, but he would remain personally liable for his January 16 credit card charges and other postpetition debts. Nickles, Principles of Bankruptcy Law â€" explaining the chapter 7 bankruptcy process. The date of the filing of the bankruptcy petition also serves as the date of cleavage in a chapter 11 case. In many cases, the liquidation of the debtor under chapter 7 results in nominal or nonexistent payments to classes of creditors, so the same result in chapter 11 is not an obstacle to plan confirmation. See In re Best Prods. In chapter 11 cases, as in chapter 7 cases, U. Double Dave could, at any time prior to plan confirmation, pay debts incurred after it filed the chapter 11 petition on July 13, Postpetition trade claims are treated as administrative claims. The plan of reorganization must provide that these administrative expenses are paid in cash on the effective date of the plan. Cleavage and Discharge As the Casey hypothetical suggests, the cleavage effect of filing a bankruptcy petitionâ€"separating prepetition debts from postpetition debtsâ€"is an integral part of the basic bankruptcy policy of discharge. However, that description is incomplete. It begs the question: It is more complete to say that a discharge is a fresh start from prepetition debts. Ybarra In re Ybarra , F. Izaguirre In re Izaguirre , B. The purpose of the dividing line is primarily to give the debtor a fresh start. While the concept of a fresh start is compelling, it only applies to consumer debtors. According to the leading bankruptcy scholar Thomas H. Jackson, Avoiding Powers in Bankruptcy, 36 Stan. See generally Thomas H. Corporations and other business entities do not receive a fresh start in chapter 7. There are no discharges for business entities in chapter 7 cases; therefore, there is no fresh start for a business entity in a chapter 7 case. Laws of the U. I, 72 , reprinted in 2 Bankruptcy Reform Act of A Legislative History, Doc. But business entities are not entirely denied the opportunity to discharge debt through bankruptcy; business entities can receive a discharge in chapter But the discharge effected by the confirmation of a chapter 11 plan is not exactly a fresh start. While the discharge of a business entity in chapter 11, unlike the discharge of an individual in chapter 7, does not result in a fresh start from prepetition debts, both reflect the cleavage effect of the filing of a bankruptcy petition. Chapter 7 and chapter 11 discharges provide the debtor relief from prepetition debts but not from postpetition debts. After his chapter 7 discharge, Casey has no personal liability on his prepetition debts. Cleavage and Equality of Distribution Even more important than the cleavage effect of a bankruptcy petition on the rights of prepetition and postpetition creditors against the debtor is the cleavage effect of a bankruptcy petition on the relative rights of creditors. The similar treatment of similarly situated creditors is a fundamental tenet of bankruptcy law, with the date of cleavageâ€”i. The filing of a bankruptcy petition protects a prepetition creditor from other prepetition creditors. One early twentieth century commentator explained the elements of bankruptcy by stating: Distribution among creditors is not incidental to other concerns; it is the center of the bankruptcy scheme. More specifically, it is concerned with questions relating to distributions to prepetition creditors. Bankruptcy law responds to this problem. That is to say, it is a collective remedy. Text, Cases, and Problems 46 6th ed. Federal bankruptcy law takes a different approach to debt collection. Martin In re Martin , 91 F. The filing of a bankruptcy petition results in an automatic stay, U. Indeed, equality of distribution is consistently described as an important, even the most important, purpose of bankruptcy. That is, those with equal rights should receive equal treatment. The Supreme Court in Bailey v. This is only second in importance to securing equality of distribution. There are also, however, provisions in the Code and court orders in bankruptcy cases that are consistent with the policy of equality of distribution only in the Animal Farm sense of that phrase: The Code in essence treats the prepetition unsecured claims of vendors and lessors as if their prepetition claims are postpetition claims, which we submit is inconsistent not only with the cleavage effect of bankruptcy but also the policies of fresh start and equality of distribution. Because various Code sections treat prepetition unsecured claims differently from and less favorably than postpetition unsecured claims, a considerable body of law has developed as to which unsecured claims are prepetition and which unsecured claims are postpetition. The following two examples illustrate the point: Even though the underwear arrives on January 17, and the Sears bill arrives on January 30, Sears is a prepetition creditor. Double Dave files for bankruptcy on July 13, Again, Libby had an unmatured right to payment when Double Dave signed the lease. As these examples show, vendor orders and unexpired leases give rise to prepetition claims under the Code. However, the fact that they have prepetition claims tells us nothing about whether these claims are secured or unsecured. Both vendors like Sears and lessors like Libby can have prepetition unsecured claims, prepetition secured claims, or both. Indeed, the same transaction can often give rise to both a secured claim and an unsecured claim. For example, assume that on December 7, , Casey buys a Kenmore refrigerator from Sears on credit and grants Sears a security interest in the refrigerator. Since Double Dave has an interest in the return of its security deposit, the deposit becomes property of the estate, and Libby has a secured claim for the full amount. The remaining parts of this Article deal only with the prepetition unsecured claims of vendors and lessors in chapter 11 cases. Prepetition Unsecured Claims of Vendors The bankruptcy law with respect to prepetition unsecured claims of vendors is, in significant respects, inconsistent with both 1 the concept that a bankruptcy filing cleaves prepetition debts from postpetition debts and 2 the bankruptcy policy of equality of distribution. Outside of bankruptcy, a seller of goods for unsecured credit has no special claim to payment or to the goods. See generally Lawrence Ponoroff, Reclaim This! Bankruptcy law, however, treats certain prepetition unsecured claims of vendors as if they were postpetition claims. Those vendors receiving special treatment under the Code fall into two categories: The rest of this Part will outline the history of this special treatment and discuss their underlying policy rationales. Railroads It all started with railroads. Nonetheless, in the nineteenth and into the twentieth century, railroads did failâ€”at least fail to pay their creditors. When railroads were unable to pay their creditors, bankruptcy was not an alternativeâ€”railroads were expressly excluded from filing for bankruptcy until Instead, railroads made use of receiverships. There are numerous books and law review articles that debate the importance of these railroad receiverships to the evolution of basic concepts of business bankruptcies. This essay does not go into them in depth. However, two important concepts arose during that period: While the impetus for these rules is grounded in the evolution of nineteenth century bankruptcy policy, their usefulness for modern business bankruptcies is not justified. Six Months Rule The six months rule developed from the common practice by courts of initiating railroad receiverships with an order appointing a receiver and authorizing him to pay certain expenses incurred in the preceding six months. These expenses were paid prior to paying the claims of secured bondholders. This policy arose to combat the

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pervasive practice by failing railroad companies of paying the interest on their mortgages and ignoring bills for ongoing operating expenses such as labor and supplies. Railroad companies would sometimes defer paying their operating expenses for many months before a receiver was appointed.

Chapter 8 : Investor Summit (Washington, D.C., May 10,): Transcript

1 See, e.g., Trading in Penn Central Stock: Financial Institutions and Privileged Information, Staff of House Comm. on Banking and Currency, 92d Cong., 1st Sess., Report on the Penn Central Failure and the Role of Financial Institutions, pt. V, at

Chapter 9 : Reinventing the Government Corporation

More to the point, perhaps, if the institutions are to be cast in the role of the monster that has wrecked the stock market for the general public, then the general public is Dr. Frankenstein.