

John Ashcroft sets the Standard for Federal Justice Lawyers to Stand Up Against Internal Corruption

A growing number of federal officials, former DOJ employees, and current and former federal bankruptcy judges are admitting the ineffectiveness and outright corruption of the judicial process in the U.S.A. Even a former U.S. Attorney General has damning words about "Justice" in America:

The Voices Grow In Number And Strength

" No country -- certainly not the United States -- is free of corruption. In the real world of limited resources, we know that we can only detect, investigate and prosecute a small percentage of those officials who are corrupt. " -- U.S. Attorney General John D. Ashcroft



" I remain convinced that there is no more important area in the fight against corruption than the challenge for us within the law enforcement and justice sectors to keep our own houses clean. " -- *U.S. Attorney General John D. Ashcroft*

" It appears that the watchdog needs watchdogging " . - *Exact words of a Federal Judge describing the U.S. Trustees at the DOJ, whose role is to act as the watchdog against crime and corruption.*

" [A Pack Of Dogs](#) "

- A Federal Judge describing the U.S. Trustees.

" [Competition for Big Cases Is Corrupting the Bankruptcy Courts](#) " *UCLA Professor and renowned expert on bankruptcy in the U.S.A.*

Bankruptcy Misconduct.Com was created out of concern about the current state of federal bankruptcy practice. This website is part of an ongoing effort to illuminate in a clear and direct way:

- **operations and activities of various governmental agencies as they act, *or fail to act*, to police, enforce, and fulfill important Congressional mandates related to the integrity of the bankruptcy process as well as applicable rules of professional and judicial conduct.**

- **inherent and systemic problems with the current practices of professionals involved in the bankruptcy process due to the self regulation and self policing mechanisms which purport to regulate, *albiet in secret*, the actions of lawyers.**

Bankruptcy is Big Business

The Bankruptcy Investment specialty has become "big business" and has attracted a wide variety of players including many hedge funds. For example, in the largest U.S. bankruptcy case of MCI / Worldcom there have been at least 50 entities involved in claims transfers encompassing hundreds of millions of dollars. **As the scope of the claims trading activity**

has increased, so too has the potential for corrupt practices and actions involving the professionals retained in those related proceedings

. Despite the rampant claims trading involved in large bankruptcy cases, there are essentially no precautions in place to avoid corrupt practices and actions involving bankruptcy professionals, other than the faith by the Department Of Justice and the Judiciary in the honesty of the attorneys employed in these million and billion dollar Mega Bankruptcy cases, that these lawyers' actions and sworn declarations including mandatory disclosure of conflicts of interest will reflect their supreme loyalty to the bankruptcy estate, and not to conflicted clients.

We hope that the information released by this website will significantly contribute to public understanding. Perhaps non lawyer oversight of these various governmental and quasi-governmental agencies and professionals is due. Particularly troubling is these agency's and professionals activities, policies, and regulations relating to corruption in bankruptcy practice and attorney conduct in general.

Bankruptcy Misconduct.Com was originally created by Next Factors, Inc. (abbreviated "Next") because of concern about the current state of federal bankruptcy practice. Next was a small, private firm engaged in the business of purchasing and accepting assignments of claims against debtors in large bankruptcy proceedings, a practice commonly referred to as claims trading, distressed investing, or vulture investing.

In stark contrast with certain of its competitors, Next was not affiliated with current or formerly practicing bankruptcy lawyers or professionals, hedge funds, brokerage firms, corporate finance professionals, or relatives of any of the above. Furthermore, **Next did not give money to any bankruptcy professional, either directly or through any affiliate, at the same time when such professional had a duty to be adverse to Next in the context of any bankruptcy proceedings.**

We can not understate how significant, if not unique, is this absence of a conflict of interest by a vulture investor.

Bankruptcy Misconduct intends to participate in the sponsorship of one or more scholarship awards where students can submit written material regarding proposed topics. We contemplate that winning students entries will receive award certificates may also receive a cash awards which can be used in furtherance of their the study of law, economics, or government.

An additional purpose of this site is to enable all parties to assemble and converse about bankruptcy misconduct in general as well as on a number of specific issues.