

There have been numerous cases of document fabrication in the claims resolution process, and the professionals who specialize in such work developed well tuned processes which enabled outrageous organized frauds upon the court by way of document fabrication without any risk of prosecution. ♦ Perhaps the most notable scheme was the "books and records" fabrication, whereby a lawfirm would swear that an anonymous corporate officer swore moneys were not owed to a particular creditor because the disputed amount was not reflected in the Debtor's "books and records".

"Books And Records" Document Fabrication Scheme - A Delaware Specialty

The stunning effectiveness of the "books and records" fabrication scheme is a result of the ease with which the corrupt Judges embraced the fraud upon them. ♦ While it is accurate to say that any lie before a court is a fraud upon the court, there was no money lost by the Court. ♦ The "books and records" fraud was part of the federal bankruptcy **District of Delaware corruption**. ♦ Bankruptcy judges cast aside all well settled law and federal rules of evidence by allowing certain law firms to swear fabricated "books and records" evidence by a mere cover sheet. ♦ The corrupt Debtors' counsel didn't even produce originating documents or the identity of corporate officers who necessarily would have sworn as to their veracity of the new "books and records" argument. ♦ Nor did the corrupt lawyers disclose how these peculiar documents were produced.

Real moneys were lost by thousands upon thousands of legitimate creditors. ♦ At the same time, several hundreds of millions of dollars were "earned" by the Biglaw firms involved. ♦ In addition, **hedge funds** who acquired large amounts of various classes of debt against the bankrupt estates *at deep discounts* received windfall profits as their recovery percentages soared. ♦ When valid creditors claims were expunged, the dollars available to distribute no longer had to be shared with as many parties, so profits soared by these hedge funds.

There is nothing wrong with a hedge fund analyzing a distressed company's financial condition and prospects for liquidation/reorganization, buying debts at discount and hoping to make a profit. ♦ But when these hedge funds are merely buying the debts at a fair discount calculated based upon a just division of assets among lawful creditors (i.e. very low percentage), but then the recovery percentages "magically" soar because corrupt attorneys throw out huge amounts of valid creditors' claims, the high returns of the hedge funds is not a result of the intellectual ability and risk taking of the hedge fund. ♦ No, huge moneys were made in bankruptcy cases because of the existence of Bankruptcy Rings which included corrupt law firms and their conflict client hedge funds. ♦ It is organized crime.

The beauty of the "Books And Records Scheme" is if any creditor spent the necessary thousands of dollars in legal fees to get to the starting point, *that is to demand that the opposing side prove their claim with documents and identify the corporate officer testifying as to the under oath*, the corrupt Lawyers could just back down. ♦ But by this point, many thousands of dollars in legal fees were earned by "both sides" to the dispute. ♦♦ Remember, the bankruptcy industry has three parts, Bankruptcy Professionals, Debtors, and Creditors. ♦♦ Lawyers for Debtors and Creditors are really on the same side, they make money because there is a bankruptcy and because there are disputes. ♦ **There exists a clear money trail on the dockets of many bankruptcy cases in Delaware which illustrates this organized serious of frauds upon the Court.**

The most blatant proof as to why the "Books And Records Scheme" was a premeditated and protracted series of frauds can be gleaned from the wholesale greed and "efficiency" with which the criminals engaged in their conduct. ♦ Arguably, a mistake here or there can be understood. ♦ A discernable pattern can not. ♦ In fact the pattern

is a predicate element to a RICO case which the government could bring, possibly netting countless billions of dollars to fund countless objective which Obama may have.

When a Debtor files bankruptcy, the Debtor must file a list of assets, and liabilities.

The liabilities are basically a list of creditors who are owee money, the dollar amount that is owed if known, and whether or not the amount owed is in dispute.

These schedules are filed under the penalty of perjury and bankruptcy fraud. If you are a single mother, divorcee, retired teacher, senior citizen, or otherwise not deemed to be a powerful player or payor of legal fees, you can go to jail for lying on your schedules.

The "Books And Records Scheme" was the obvious crime it was because certain law firms would object to amounts owed to creditors when **an officer of the Debtor had already prepared schedules listing the amount owed and stating that the amount was not in dispute,** and swore so under penalty of perjury. Once the criminal attorneys took control of a case, they would engage in wholesale "books and records" fabrications which **contradicted** the sworn statement of the corporate officer identified when the schedules were filed. *How can a lawyer "take back" the sworn statement of one officer by fabricating a sworn statement by an anonymous corporate officer, flying in the face of all the federal rules of evidence.*

It is a process called bankruptcy fraud, highly profitable to the bankruptcy rings, and is related to the [corruption in our bankruptcy courts as identified by Professor Lynn LoPucki](http://www.press.umich.edu/titleDetailDesc.do?id=93480).

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