

Bankruptcy Misconduct encompasses the misdeeds, failures, and [conflict of interest](issues/conflict-of-interest.html) which are pervasive in the "Industry of Bankruptcy". Some will ask "How can you say that Bankruptcy is an Industry?" It will be obvious to anyone who just bothers to "Follow the Money." The industry is composed of individuals, entities, and loosely coupled players whose illicit interconnection is hidden and denied. The individuals include bankruptcy lawyers, bankruptcy professionals, liquidators, hedge fund managers (such as [Mitt Romney](people/mitts-romneywater.html)), and government lawyers. This top level page will describe generally the organizations involved with Bankruptcy Misconduct and crime. You can see a list of specific pages devoted to certain entities on the page menu to the right. Of course, not all individuals within any entity are necessarily corrupt.

Entities involved in Bankruptcy Misconduct and Crime include the [SEC](http://www.sec.gov) and the [DOJ](http://www.justice.gov) - including sub components such as the [Office of the U.S. Trustee](http://www.justice.gov/ust/).

Obviously, law firms specializing in bankruptcy law, or representing parties in bankruptcy cases are entities who actions may involve bankruptcy misconduct and crime. Other entities include hedge funds, brokerage firms, turnaround management firms, and financial consulting firms. You will find many individuals and entities chronicled on the pages of Bankruptcy Misconduct.

Bankruptcy Misconduct wants you to realize that there is another type of entity, which is not officially listed as a business or government entity. We are talking about Organized Crime having a presence in the bankruptcy arena, sometimes called **Bankruptcy Rings** or the **Neo-Mafia**. As is often the case when the illicit pursuit of money intersects with a corrupted governmental or judicial power, amorphous connections between criminal elements develops. What may be surprising to some is that these criminals, in the case of the bankruptcy industry, are very often lawyers. Both private practice lawyers and lawyers working for the government, including on the bench, are sadly known to cross the line and seek the easy money in corrupt alliances.

Congress has long known of the corruption by Bankruptcy Rings. In fact, our laws were specifically designed with the knowledge of the corrupting influence of organized crime on our bankruptcy system, and with the intent to stop it. For example, the law requiring an affirmative sworn statement by an attorney as to the existence of any merely potential [conflict of interest](issues/conflict-of-interest.html) at each and every request for fees. The following is from an official [U.S. House of Representatives](http://judiciary.house.gov/legacy/507.htm) report related to organized crime in our bankruptcy system:

Vast sums of money--billions of dollars--are at stake in the bankruptcy system. Fraud, embezzlement, insider dealings, excessive compensation of professionals at the expense of creditors, and undue delay, would add to the cost of the system, and threaten to corrupt it.

There were widely reported stories of cronyism, bankruptcy rings, and other scandals that tainted the entire system.

That's your government talking about bankruptcy rings "way back" in 1996. Since that time, we have seen a rebirth of the mega case corporate bankruptcy - and an explosion in the fees "earned" by the bankruptcy professionals. The government lawyers supposedly watching over the vulnerable system are famously known for the revolving door mentality with which they treat their offices. If it was bad before, it is worse today.

To be sure, there are honest

individuals and entities within the bankruptcy industry. Though for some of them, their morality could be called into question to the extent that they provide tacit approval of actions by others. While there are many who do not participate in overt corruption, it sadly only takes a few rotten apples to undermine justice, and put our Nation's economic health into jeopardy.

Make no mistake, we are in dire economic jeopardy due to this massive recurring crime. If we desire a strong country in which to live free, we will first need a Federal Special Prosecutor to clean up the largest organized crime rings in our history which have caused in large part the financial collapse of our Nation. This will be an optimistic and fruitful endeavor as the RICO statute provides for tremendous financial penalties to this form of organized crime, and there is no statute of limitations protection crime which involves a fraud upon the court.</p> <p>◆</p>