

The largest corporate bankruptcy in U.S.A. history was the MCI / Worldcom bankruptcy filed in the Southern District of New York, a/k/a "Debtors Paradise". The bankruptcy was necessary after an extreme amount of executive greed and corporate criminal activities at the firm. *But was the criminal activity confined to the period of time prior to filing for bankruptcy? Does everyone believe that a criminal enterprise is somehow magically cleansed by their filing for bankruptcy protection and hiring bankruptcy lawyers?*

Before you answer those deep questions, let us draw your attention to written testimony presented to the **United States Senate Committee on the Judiciary** which held hearings on whether the criminal enterprise should be allowed to reorganize. The testimony appears below and is available for download free at

Bankruptcy Misconduct

[download section devoted to WorldCom here](#)

The attorney introduced "Death Threats" to the discussion. A true transcript of such discussion was filed in the proceedings, and the very same counsel did not object to any word therein, but rather complained to the Court that "apparently" the conversation had been recorded without his knowledge.

Some neo-coincidental facts **contemporaneous**, and **intertwined**, with the WorldCom bankruptcy - *at the time the largest ever in the U.S.*

- include the incongruous treatment benefiting a certain group of bankruptcy

claims traders

. When a different claims trader -

who was excluded from the favored treatment (would have only gotten as much as normal creditors)

- demanded that his counsel ask the Court to form an investigation of the

conflict of interest

and favoritism related to the so-called

"inter-creditor agreement"

, as well as further discrepancies in the timing and amounts distributed to creditors - the attorney refused and then introduced "

Death Threats

" as part of the discussion

. A

[true](#)

transcript

[of the "death threat" discussion](#)

was filed in the proceedings, and the very same counsel did not object to any word therein, but rather complained to the Court that "apparently" the conversation had been recorded without his

knowledge. If you enjoy the transcript, you might also enjoy the [opposition to counsel's motion to be relieved](#) together with its [exhibits](#)

Bankruptcy Misconduct **does** believe that there was considerable crime as part of the WorldCom / MCI bankruptcy proceedings.

How did some claims traders buy so many claims? Why did a unique claims trading process get implemented (invalidating FRBP 3001 protections for creditors) in the bankruptcy case? Why was special treatment given to the claims traders holding the \$600 Million in debts? What conflicts existed between associates of the entities holding the \$600 Million and the official lawyers in the case? Did the [Judge](#), U.S. Trustee and other lawyers obey their duties under **18 USC 3057**, the **New York Lawyer's Code of Professional Responsibility** and so forth?

And what did [Eliot Spitzer](#) do with the package delivered to him by certified mail? Should we be surprised that Spitzer was doing business **with** organized crime at the time?





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