

(as of -, ± )

## **PROPOSAL TO NEWSPAPERS**

### **For a Series of Articles and an Investigative Website Presenting the Evidence of a Bankruptcy Fraud Scheme and Exposing its Support: The Coordinated Wrongdoing of Federal Judges**

I am an attorney and a researcher-writer, holding a Ph.D. in banking law and an MBA, mainly in profit maximization through telecommunications technologies. I have prosecuted 12 federal bankruptcy cases for the last 6 years from bankruptcy court, to district court, to the Court of Appeals, 2nd Cir., to a petition to the U.S. Supreme Court for a writ of certiorari. [1] During the course of that prosecution, I have collected documentary evidence of the participation of trustees, debtors, and other officers in a bankruptcy fraud scheme supported by federal judges.

On that evidence, I have written analytical comments, which I have filed with the courts and posted on my website, to wit, <http://Judicial-Discipline-Reform.org>. These writings show my commitment to the subject and capacity to perform my side of the proposal to you. It begins with the publication of a series of articles exposing to the general public not only the modus operandi of such fraud scheme, but also explaining the legal aspects of the federal judiciary that have given rise to its prerequisite: coordinated judicial wrongdoing. [2]

My articles' supporting evidence is solid, for I have appealed to courts as well as to:

1. the Judicial Council of the Second Circuit –its administrative body- and each of its judges,
2. the Administrative Office of the U.S. Courts, its director, and its general counsel;
3. successive chairpersons of the Administrative Office's Executive Committee;
4. the Judicial Conference of the United States and each of its judges;
5. its Committee for the Review of Circuit Council Conduct Orders and each of its members;
6. Circuit Justice Ruth Ginsburg (of the Supreme Court), allotted to the Second Circuit;
7. the Late Chief Justice of the Supreme Court William Rehnquist;
8. the Executive Office of the U.S. Trustees, its director, general counsel, and Inspector General;
9. the Assistant U.S. Trustee and three successive U.S. Trustees for Region 2;
10. the U.S. Department of Justice and the FBI in Washington, NYC, Rochester, and Buffalo;
11. the Committees on the Judiciary of the U.S. Senate and H.R. and each of their members;
12. the former and current chief judges of the Court of Appeals for the Second Circuit (CA2) ;
13. the NYC Bar Association (NYCBar), each of its officers and directors, and scores of its members;
14. the Federal Bar Council (FBC) and each of its officers and scores of its members;
15. the CA2, NYCBar, and FBC Committee on Judicial Conduct;
16. the Judicial Conduct Act Study Committee headed by Justice Stephen Breyer;
17. the bankruptcy departments of the main banks that issue credit cards.

As a result of this immense work, the articles would be based on well over 800 official documents. [ip:9] This allows me to refer to an official document as the source of each of my statements and thereby fend off any defamation suit. Moreover, they would offer an insight of unequalled depth and breadth into the functioning of our legal system and how the average person could have their rights trampled upon by coordinated wrongdoing judges amidst the indifference, mendacity, and bungling responses of top members of the other two branches of government and the complicity of members of the bar. Thus, the articles would inform and caution your readers about how those charged with the administration of justice disregard their duty in order to coor-

dinate their wrongdoing...but what is their motive? This leads into the second part of the proposal.

The answer is based on the fact that bankruptcy provides one of the most insidious motives for wrongdoing: money! [3] This would be ascertained in a Watergate-like Follow the money! investigation [4] from public records [5] through the network of personal and financial relationships of judges, trustees, debtors, and other officers to their concealed assets. Unjustifiable discrepancies between the assets that investigatees reported and those found in their names or those of their relatives and agents could constitute a non-disclosure offense and signal evasion of taxes on concealed assets and money laundering. This evidence would reveal coordinated financial criminal activity by the only class in America de facto beyond prosecution: federal judges, only 7 of whom have been removed in the 218 years since the Constitution of 1789. [6]

Your expenditure in financing –even confidentially and either alone or in partnership with a TV station’s news department or investigative program- a team of investigative journalists, lawyers, and forensic accountants [7, 1a] would be balanced by the proceeds from a key product of the investigation: the website reflecting the annual development of the Report on Judicial Wrongdoing in America. The website would be a profit center by selling advertisement intended for visitors attracted to the site by the text, tables, statistical analyses, charts, and descriptive entries of the bibliography produced or collected by the judicial wrongdoing investigative team. There is already an audience for this information since it does not take long for one to Google dozens of websites and find Yahoo groups where people complain about federal and state judges’ corruption and disregard for the law and express their desire for judicial reform. This provides another profit center, i.e., people willing to pay the team to have the documents of their cases, such as in probate, divorce, real estate, or landlord-tenant court, summarized in a synoptic paragraph and posted on the Table of Judicial Wrongdoing Across the Nation. [8]

Naturally, a number of website visitors will spread the word. They can create a buzz on the Internet that could cause bloggers to join the investigation by searching for evidence of coordinated judicial wrongdoing in their districts and posting their findings on their own blogs and/or contributing them to the team’s website in order to have access to leads, tips, and recognition reserved for contributors. Likewise, the buzz can become loud enough for it to be reported on by other media, thus providing free publicity for the newspaper and the website. [ip27&D] In turn, the evidence of wrongdoing can lead to investigations by U.S. attorneys, the FBI, and the Congressional Judiciary Committees as well as their state counterparts and end up in the enactment of judicial reform legislation [ip23¶¶5-9]...and a book. This highlights a key point: An investment in this proposal can pay off in several ways for a long time...including a Pulitzer Prize? as for investigative journalism exposing the Supreme Court’s toleration in self-interest of its lower court peers’ abuse of power and contempt for the rule of law. [9]

Once in a lifetime a person can embark on an arduous and risky undertaking to render a service of superior moral and concrete institutional value for the common good. During Watergate, Carl Bernstein and Bob Woodward did so. The instant matter is riskier and more challenging, for federal judges are life-tenured and, having abused their power, their mutual knowledge of it has forced them to protect each other, so that the resulting absolutely corruptive power has turned the judiciary into a safe haven for their wrongdoing. This is your time to expose them and thereby promote integrity in the judiciary so that it draws ever closer to its lofty goal of delivering to all people “Equal Justice Under Law”. Therefore, I kindly request that we discuss this proposal.

**The Salient Facts of The *DeLano* Case**

(as of 6sep10)

revealing the involvement of bankruptcy & legal system insiders in a bankruptcy fraud scheme  
([D:#](#) & footnote references are to [Judicial-Discipline-Reform.org/Follow\\_money/DeLano\\_docs.pdf](#); these are *bookmarks* on the left)

*DeLano* is a federal bankruptcy case. Part of a case cluster, it reveals fraud that is so egregious as to betray overconfidence born of a long standing practice<sup>1</sup>: Coordinated wrongdoing evolved into a bankruptcy fraud scheme.<sup>2</sup> It was commenced by the DeLano couple filing a bankruptcy petition with Schedules A-J and a Statement of Financial Affairs on January 27, 2004. (04-20280, WBNY<sup>3</sup>) Mr. DeLano, however, was a most unlikely bankruptcy candidate. At filing time he was a 39-year veteran of the banking and financing industry and continued to be employed by M&T Bank precisely as a bankruptcy officer. He and his wife, a Xerox technician, were not even insolvent, for they declared \$263,456 in assets v. \$185,462 in liabilities ([D:29](#)); and also:

1. that they had in cash and on account only \$535 ([D:31](#)), although they also declared that their monthly excess income was \$1,940 ([D:45](#)); and in the FA Statement ([D:47](#)) and their 1040 IRS forms ([D:186](#)) that they had earned \$291,470 in just the three years prior to their filing;
2. that their only real property was their home ([D:30](#)), bought in 1975 ([D:342](#)) and appraised in November 2003 at \$98,500<sup>4</sup>, as to which their mortgage was still \$77,084 and their equity only \$21,416 ([D:30](#))...after making mortgage payments for 30 years! and receiving during that period at least \$382,187 through a string of eight mortgages<sup>5</sup>. ([D:341](#)) Mind-boggling!
3. that they owed \$98,092 –spread thinly over 18 credit cards ([D:38](#))- while they valued their household goods at only \$2,810 ([D:31](#)), less than 1% of their earnings in the previous three years. Even couples in urban ghettos end up with goods in their homes of greater value after having accumulated them over their working lives of more than 30 years.
4. Theirs is one of the trustee's [3,907](#) *open* cases and their lawyer's [525](#) before the same judge.

These facts show that this was a scheming bankruptcy system insider offloading 78% of his and his wife's debts ([D:59](#)) in preparation for traveling light into a golden retirement. They felt confident that they could make such incongruous, implausible, and suspicious declarations in the petition and that neither the co-schemers would discharge their duty nor the creditors exercise their right to require that bankrupts prove their petition's good faith by providing supporting documents. Moreover, they had spread their debts thinly enough among their 20 institutional creditors ([D:38](#)) to ensure that the latter would find a write-off more cost-effective than litigation to challenge their petition. So they assumed that the sole individual creditor, who in addition lives hundreds of miles from the court, would not be able to afford to challenge their good faith either. But he did after analyzing their petition, filed by them under penalty of perjury, and showing that the DeLano 'bankrupts' had committed bankruptcy fraud through concealment of assets.

The Creditor requested that the DeLanos produce documents<sup>6</sup> as reasonably required from any bankrupt as their bank account statements. Yet the trustee, whose role is to protect the creditors, tried to prevent the Creditor from even meeting with the DeLanos. After the latter denied *every single document* requested by the Creditor, he moved for production orders. Despite his discovery rights and their duty to determine whether bankrupts have concealed assets, the *bankruptcy* and *district judges* denied him *every single document*. So did the *circuit judges*, even *then CA2 Judge Sotomayor*, the presiding judge, who also needed the documents to find the facts to which to apply the law. They denied him and themselves due process of law. To eliminate him, *they* disallowed his claim in a *sham evidentiary hearing*. Revealing how incriminating the documents are, to oppose their production the DeLanos, with the trustee's recommendation and the bankruptcy judge's approval, were allowed to pay their lawyers \$27,953 in legal fees<sup>7</sup>...though they had declared that they had only \$535. To date \$673,657<sup>8</sup> is still unaccounted for. Where did it go<sup>9</sup>? How many of the trustee's 3,907 cases have unaccounted for assets? For whose benefit?<sup>2</sup>

<sup>1</sup>§XIII <sup>2</sup>§III <sup>3</sup>§V. <sup>4</sup>§X <sup>5</sup>§§I.B & VIII <sup>6</sup>Cf. §XII <sup>7</sup>§XI <sup>8</sup>§I.B <sup>9</sup>§II

## Endnotes with Links

**Important!** The text of this letter and most of its exhibits can be retrieved through [http://Judicial-Discipline-Reform.org/Investigation\\_Proposal/to\\_newspapers.pdf](http://Judicial-Discipline-Reform.org/Investigation_Proposal/to_newspapers.pdf), which is 1 2MB in size and will take several minutes to download. Other exhibits can be downloaded individually. All must be opened with Adobe Acrobat Reader 7 or higher, which is downloadable for free from [www.Adobe.com](http://www.Adobe.com).

This proposal stands on its own. The documents below are attached hereto or referred to herein as writing samples of my capacity to present a vast amount of information in a way accessible to a layperson, concisely, and in a highly organized fashion. Elements discussed in them that are not specifically discussed in the letter above need not form part of the proposal.

- [1] **Summary of the Tables of Exhibits** that provide the evidence gathered in 12 cases over 6 years showing that a federal judgeship has become a safe haven for wrongdoing and justifying an investigation to determine how high and to what extent wrongdoing has reached; and that warrant the call for forming a virtual firm of lawyers and investigative journalists centered on Judicial Discipline Reform.org to help prepare pro bono a class action based on the representative case charging that Chief Judge John M. Walker, Jr., of the Court of Appeals for the Second Circuit (CA2) and CA2 Judge Dennis Jacobs have engaged in a **series of acts of** disregard of evidence and of systematic dismissal of judicial **misconduct** complaints **forming a pattern** of non-coincidental, intentional, and **coordinated wrongdoing** that supports a bankruptcy fraud scheme and protects the schemers (full Table at [http://Judicial-Discipline-Reform.org/docs/Tables\\_of\\_Exhibits.pdf](http://Judicial-Discipline-Reform.org/docs/Tables_of_Exhibits.pdf)) ..... ip:7
- [a] **Contact information** with index to exhibits, listed in the order in which the *Follow the money!* investigation may proceed; full Table at **TOEC:271**
- [2] **The Dynamics of Organized Corruption in the Courts** How judicial wrongdoing tolerated or supported in one instance gives rise to the mentality of judicial impunity that triggers generalized wrongdoing and weaves relationships among the judges of multilateral interdependency of survival where any subsequent unlawful act is allowed and must be covered up; [http://Judicial-Discipline-Reform.org/Follow\\_money/Dynamics\\_of\\_corruption.pdf](http://Judicial-Discipline-Reform.org/Follow_money/Dynamics_of_corruption.pdf)..... ip:11
- [3] The judges' 'eroded morale over stagnant compensation' is aggravated by the **corruptive power of the lots of money** available in bankruptcy (excerpt from Dr. Cordero's petition to the Supreme Court for a writ of certiorari to the Court of Appeals, 2<sup>nd</sup> Cir., in *Cordero v. Trustee Gordon et al.*, 04-8371, SCT, [http://Judicial-Discipline-Reform.org/Follow\\_money/for\\_certiorari\\_SCT.pdf](http://Judicial-Discipline-Reform.org/Follow_money/for_certiorari_SCT.pdf)..... ip:12
- [4] [http://Judicial-Discipline-Reform.org/Plan\\_of\\_Action/Follow\\_money.pdf](http://Judicial-Discipline-Reform.org/Plan_of_Action/Follow_money.pdf) ..... ip:14
- [5] The *Follow the money!* investigation would be based on **public records** such as:
- a) the annual judicial financial disclosure reports required under **5 USC App. 4** ;
  - b) bankruptcy petitions and their schedules (cf. ip:33);
  - c) the final report filed by a trustee upon closing a case (cf. **11 USC §704(a)(9)**);
  - d) the property registry at county clerks' offices (cf. <http://www.naco.org>);
  - e) accounts audited by the Executive Office of the U.S. Trustee (cf. **28 CFR §58.6(8)**),
  - f) documents obtained through the Freedom of Information Act (**5 USC §552**).
- [http://Judicial-Discipline-Reform.org/Plan\\_of\\_Action/Motive\\_Strategy.pdf](http://Judicial-Discipline-Reform.org/Plan_of_Action/Motive_Strategy.pdf) ..... ip:16

- [6] **Unimpeachable Judges** are Judges Above the Law; [http://Judicial-Discipline-Reform.org/Follow\\_money/Unimpeachable\\_above\\_law.pdf](http://Judicial-Discipline-Reform.org/Follow_money/Unimpeachable_above_law.pdf).....ip:18
- [7] **Synopsis of an Investigative Journalism Proposal** to Answer the Question: Has a Federal Judgeship Become a Safe Haven for Coordinated Wrongdoing? (full Synopsis at [http://Judicial-Discipline-Reform.org/docs/ Investigation\\_proposal.pdf](http://Judicial-Discipline-Reform.org/docs/Investigation_proposal.pdf) ) ..... ip:19
- [8] The **Report** and the **Table** have been described in the Programmatic Proposal, which works as a business plan at the pre-quantified stage setting forth how the team (therein referred to as a firm) would conduct its investigation, present its results, and generate income. See ip:24§III of the **Programmatic Proposal** to Ensure Integrity in Our Courts by Engaging in **Specific Activities** and Achieving Concrete Objectives Leading to the Enactment of Judicial Discipline and Accountability Legislation; [http://Judicial-Discipline-Reform.org/docs/Programmatic\\_Proposal.pdf](http://Judicial-Discipline-Reform.org/docs/Programmatic_Proposal.pdf)..... ip:21
- [9] [http://Judicial-Discipline-Reform.org/docs/SCt\\_knows\\_of\\_dismissals.pdf](http://Judicial-Discipline-Reform.org/docs/SCt_knows_of_dismissals.pdf) ..... ip:31
- [10] *In re David and Mary Ann DeLano*, 04-20280, W BNY, bankruptcy petition filed on January 27, 2004, with A-J Schedules and Statement of Financial Affairs, [http://Judicial-Discipline-Reform.org/docs/DeLano\\_petition.pdf](http://Judicial-Discipline-Reform.org/docs/DeLano_petition.pdf)..... ip:33
- [11] [http://Judicial-Discipline-Reform.org/docs/1040\\_IRS\\_DeLano\\_forms\\_01\\_03.pdf](http://Judicial-Discipline-Reform.org/docs/1040_IRS_DeLano_forms_01_03.pdf)..... ip:79
- [12] [http://Judicial-Discipline-Reform.org/docs/mortgages\\_of\\_DeLanos.pdf](http://Judicial-Discipline-Reform.org/docs/mortgages_of_DeLanos.pdf)..... ip:82
- [13] [http://Judicial-Discipline-Reform.org/docs/Werner\\_525\\_before\\_Ninfo.pdf](http://Judicial-Discipline-Reform.org/docs/Werner_525_before_Ninfo.pdf)
- [14] [http://Judicial-Discipline-Reform.org/docs/Trustee\\_Reiber\\_3909\\_cases.pdf](http://Judicial-Discipline-Reform.org/docs/Trustee_Reiber_3909_cases.pdf)
- [15] The **DeLanos' income** of \$291,470, mortgage receipts of \$382,187, plus credit card borrowing of \$98,092 unaccounted for due to the judges' refusal to require production of documents supporting their declaration in Schedule B (ip:41) that at the time of filing their bankruptcy petition they only had in hand and on account \$535!; [http://Judicial-Discipline-Reform.org/docs/DeLano\\_income.pdf](http://Judicial-Discipline-Reform.org/docs/DeLano_income.pdf)..... ip:136
- [16] Creditor's **requests for financial documents** so that bankruptcy petitioners prove the good faith of their petition and **denial of every single document** by them, the bankruptcy judge, the district judge, and the Court of Appeals, 2<sup>nd</sup> Cir.; [http://Judicial-Discipline-Reform.org/Follow\\_money/Docs\\_denied.pdf](http://Judicial-Discipline-Reform.org/Follow_money/Docs_denied.pdf)..... ip:137
- [17] To oppose production of incriminating financial documents, the bankruptcy petitioners that declared **having only \$535** in cash and account **receive legal services worth \$27,953** from their attorney, whose bills the trustee recommends for payment and the bankruptcy judge approves their payment; [http://Judicial-Discipline-Reform.org/Follow\\_money/DeLanos\\_legal\\_fees.pdf](http://Judicial-Discipline-Reform.org/Follow_money/DeLanos_legal_fees.pdf)..... ip:167
- [18] **Statement of Facts** (excerpt from Appellant's principal brief in *Dr. Richard Cordero v. David and Mary Ann DeLano*, 06-4780-bk, CA2, filed on March 19, 2007; full brief at [http://judicial-discipline-reform.org/Follow\\_money/DrCordero\\_v\\_DeLano\\_06\\_4780\\_CA2.pdf](http://judicial-discipline-reform.org/Follow_money/DrCordero_v_DeLano_06_4780_CA2.pdf) ) ..... ip:180

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## Summary of the DeLanos' income of \$291,470 + mortgage receipts of \$382,187 = \$673,657 and credit card borrowing of \$98,092

**unaccounted for and inconsistent with their declaration in Schedule B  
 of their voluntary bankruptcy petition (D:23)<sup>1</sup> that at the time of its filing  
 on January 27, 2004, they had in hand and on account only \$535!**

Exhibit page #	<b>Mortgages<sup>2</sup> referred to in the incomplete documents produced by the DeLanos<sup>a</sup> to Chapter 13 Trustee George Reiber (cf.Add:966§B)</b>	Mortgages or loans	
		year	amount
D <sup>b</sup> :342	1) from Columbia Banking, S&L Association	16jul75	\$26,000
D:343	2) another from Columbia Banking, S&L Asso.	30nov77	7,467
D:346	3) still another from Columbia Banking, S&L Asso.	29mar88	59,000
D:176/9	4) owed to Manufacturers & Traders Trust=M&T Bank	March 88	59,000
D:176/10	5) took an overdraft from ONONDAGA Bank	March 88	59,000
D:348	6) another mortgage from Central Trust Company	13sep90	29,800
D:349	7) even another one from M&T Bank	13dec93	46,920
D:350-54	8) yet another from Lyndon Guaranty Bank of NY	23dec99	95,000
	9) any other not yet disclosed?	<b>Subtotal</b>	\$382,187
<b>The DeLanos' earnings in just the three years preceding their voluntary bankruptcy petition (04-20280, WBNY; D:23)</b>			
2001	1040 IRS form (D:186)	\$91,229	\$91,229
2002	1040 IRS form (D:187) Statement of Financial Affairs (D:47)	\$91,859	91,655
2003	1040 IRS form (D:188) Statement of Financial Affairs (D:47)	+97,648	+108,586
to this must be added the receipts contained in the \$98,092 owed on 18 credit cards, as declared in Schedule F (D:38) <sup>c</sup>		\$280,736 <sup>d</sup>	\$291,470 <sup>d</sup>
		<b>TOTAL</b>	<b>\$673,657</b>

<sup>a</sup> The DeLanos claimed in their petition, filed just three years before traveling light of debt to their golden retirement, that their home was their only real property, appraised at \$98,500 on 23nov3, as to which their mortgage was still \$77,084 and their equity only \$21,416 (D:30/Sch.A) ...after paying it for 30 years! and having received \$382,187 during that period through eight mortgages! *Mind-boggling!* They sold it for \$135K<sup>3</sup> on 23apr7, a 37% gain in merely 3½ years.

<sup>b</sup> D=Designated items in the record of *Cordero v. DeLano*, 05-6190L, WDNY, of April 18, 2005.

<sup>c</sup> The DeLanos declared that their credit card debt on 18 cards totals \$98,092 (D:38/Sch.F), while they set the value of their household goods at only \$2,810! (D:31/Sch.B) *Implausible!* Couples in the Third World end up with household possessions of greater value after having accumulated them in their homes over their working lives of more than 30 years.

<sup>d</sup> Why do these numbers not match?

<sup>1</sup>§V, infra <sup>2</sup>§§VI and VIII. <sup>3</sup>§X