

(20jun11)

## PROPOSAL

### **To Join a *Follow the Money!* Investigation to Further Pursue the Evidence Already Gathered of a Bankruptcy Fraud Scheme Supported by The Coordinated Wrongdoing of Federal Judges in Order to Expose It and Thus Promote Honesty in The Judiciary and The Integrity of Judicial Process**

I am an attorney and a researcher-writer, holding a Ph.D. in banking law and an MBA with emphasis on profit maximization through telecommunications technologies. I have prosecuted bankruptcy cases for the last 9 years from bankruptcy court, to district court, to the Court of Appeals, 2<sup>nd</sup> Cir., to petitions to the U.S. Supreme Court for a writ of certiorari.<sup>1</sup> During the course of that prosecution, I have collected documentary evidence –now posted with analytical comments on my website, namely, <http://Judicial-Discipline-Reform.org>- that demonstrates the participation of trustees, debtors, and other bankruptcy and legal systems insiders<sup>2</sup> in a **bankruptcy fraud scheme<sup>3</sup> supported by the coordinated wrongdoing of federal judges<sup>4</sup>.**

My proposal is for a Watergate-like *Follow the money!* investigation<sup>5</sup>. It would start from public financial reports filed by judges, trustees, debtors, and other officers<sup>6</sup> and go through their network of personal and financial relationships in order to discover their concealed assets. Finding them would expose coordinated financial criminal activity participated in or tolerated by even top members of the federal judiciary; prove their unfitness to hold office for lack of “good Behaviour”<sup>7</sup>; and show the failure of the current statutory system of judges disciplining themselves.<sup>8</sup> The fact is that life-tenured federal judges have abused their judicial power by self-granting immunity from prosecution. Since the creation of the Federal Judiciary in 1789, 222 years ago, only eight federal judges have been impeached and removed!<sup>9</sup> The resulting sense of impunity has worked as both reassurance and inducement for them to show bias and disregard for the rule of law whenever needed to turn a federal judgeship into a safe haven for wrongdoing.

The *Follow the money!* investigation would be conducted by a **multidisciplinary team of professionals** applying fraud and forensic accounting, literary forensics, IT, investigative journalism, etc.<sup>10</sup> They would initially work on the *DeLano* test case because it is so well developed as to allow for a focused, cost-effective investigation. The patterns of coordinated wrongdoing uncovered in that case would enable the team to pursue similar investigations throughout the rest of the Federal Judiciary.<sup>11</sup> The public outrage provoked by such exposure could create a buzz on the Internet and the media and induce bloggers and journalists to apply the same outside-court approach and similar investigative techniques either to expose other federal judges as well as state ones in probate, divorce, real estate, traffic, or landlord-tenant courts complained-about in particular or to ascertain their integrity in general.

The exposure of life-tenured judges coordinating their wrongdoing would shake the Federal Judiciary to its foundations. It would trigger a constitutional crisis regarding effective inter-branch oversight within the framework of checks and balances. It would be longer and more intractable than that brought about by the revelation of the participation in the Watergate political espionage scandal by President Richard Nixon and his top White House aides, for they could further harm or mount a cover up only during the remainder of the second four-year term of his presidency. Resolving the crisis through public advocacy of, and lobbying for, legislative solutions would generate substantial, long-term business for the lawyers on the team.

By the same token, the team's own investigation and that of others would give rise to long-term activity that would make it economically attractive for the team to organize itself into a partnership or company. Among its profit centers would be a website reflecting the development of the **Annual Report on Judicial Wrongdoing in America**. The site would sell advertisement intended for visitors attracted by developments in key cases, decisions, commentaries, statistics, charts, articles on investigative techniques, legislative bills and laws, etc. There is already an audience for this information since it does not take long for one to Google dozens of websites and find Yahoo- and Googlegroups where people complain about federal and state judges' corruption and disregard for the law and express their desire for judicial reform. The site's attractiveness would be enhanced by bloggers too, who could be willing not only to post their findings on their blogs, but also contribute them to the team's website in order to have access to leads, tips, and recognition reserved for contributors. This suggests another profit center, i.e., people willing to pay the team to have the documents of their cases summarized in a synoptic paragraph and included in the **Table of Judicial Wrongdoing Across the Nation** describing a pattern of conduct in the 3<sup>rd</sup> Branch of Government.<sup>12</sup>

An investigative team renowned for having exposed coordinated judicial wrongdoing would enjoy competitive advantage in **educating other investigators**. It would author texts and videos for case studies and hands-on investigation courses on judicial wrongdoing to be sold to, and conduct seminars at, accounting, law, journalism, and IT schools and other institutions seeking to develop public wrongdoing investigation programs or add to their existing ones. Another profit center would be in-house training materials and seminars adapted to, and augmented with **consulting and litigation services** for, the corporate world in order to enable managers and employees to determine how such wrongdoing affects current or prospective lawsuits. Those services would also be offered to those injured in past cases tainted by judicial wrongdoing who sought retrials and appellate review and/or compensation in courts sitting non-tainted judges. This line of business may be most profitable and generate the most publicity since it can lead to **class actions in multidistrict litigation** based on the Racketeer Influenced and Corrupt Organization Act.<sup>13</sup> **RICO** allows the reimbursement of attorneys' fees and treble damages from a losing defendant. Among the defendants would be one with the deepest of pockets: the federal government. Its coordinated wrongdoing judges have run a corrupt enterprise and lack any constitutional immunity for engaging in 'bad Behaviour' and withholding their honest services.<sup>14</sup>

These profit considerations describe a realistic way of defraying the *Follow the money!* investigation and attracting first rate professionals. Yet, this proposal aims at objectives of a higher order: The investigation can expose the active involvement of judges in concealment of assets, money laundering, and tax evasion, and its passive toleration by other judges who had an institutional responsibility for the integrity of the administration of justice.<sup>15</sup> The exposure can so outrage the public as to force U.S. attorneys, the FBI, congressional committees, and their state counterparts to conduct their own, official investigations. The latter can lead to legislation to reform the Judiciary and its disciplinary system, and establish a Citizens Board of Judicial Accountability and Discipline empowered to receive and post complaints, issue subpoenas, hold public hearings, order compensation, impose discipline, and recommend removal. This can earn public gratitude, Pulitzer Prizes, public speaking engagements, and book and movie deals to those who embarked on an arduous, uncertain undertaking despite the risk of retaliation from judges wielding 'absolutely corruptive', self-immunizing power. They would deserve such rewards for rendering a public interest service of superior moral and practical value: the promotion of honesty and respect for due process of law in the judiciary and the bringing of it ever closer to its lofty goal of delivering to all people "Equal Justice Under Law". Hence, I invite you to join the investigation and to that end, use the contact information above.

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

(as of 7jan11)

revealing the involvement of bankruptcy &amp; legal system insiders in a bankruptcy fraud scheme

*(D#* & footnote references are to [Judicial-Discipline-Reform.org/Follow\\_money/DeLano\\_docs.pdf](http://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

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**Work Experience and Education**

**RESEARCHER AND WRITER**, 1995-to date New York City, NY  
**LAWYERS COOPERATIVE PUBLISHING**, 1991-1993 Rochester, NY  
**THE UNIVERSITY OF CAMBRIDGE**, Ph.D. of the Faculty of Law, 1988 Cambridge, England  
**THE UNIVERSITY OF MICHIGAN**, MBA of the Business School, 1995 Ann Arbor, Michigan  
**LA SORBONNE**, French law degree of the Faculty of Law and Economics, 1982 Paris, France  
**BAR MEMBERSHIP**, lawyer admitted to the NY State Bar

**Publications**

- ◆ The Creation of a European Banking System: A study of its legal and technical aspects, Peter Lang, Inc., New York, XXXVI, 390 pp., 1990; this book earned a grant from the Commission of the European Communities and was reviewed very favorably in [32 Harvard International Law Journal 603 \(1991\)](#) and [24 New York University Journal of International Law and Politics 1019 \(1992\)](#).
- ◆ Competition Strategies Must Adapt to the Euro, 17 Amicus Curiae of the Institute of Advanced Legal Studies, London, 27 (May 1999)
- ◆ Why Business Executives in Third Countries and Non-participating Member States Should Pay Attention to the Euro, European Financial Services Law 140 (March 1999).
- ◆ Some Practical Consequences for Financial Management Brought About by the Euro, 5 European Financial Services Law 187 (1998).
- ◆ Impending Conversion to the Euro Prompts New Guidelines from the IRS, New York Law Journal, pg. 1, Friday, October 2, 1998.
- ◆ A Strict but Liberalizing Interpretation of EEC Treaty Articles 67(1) and 68(1) on Capital Movements, 2 Legal Issues of European Integration 39 (1989); article proposing a novel interpretation and application of European Communities provisions on capital movements.
- ◆ The Development of Video Dialtone Networks by Large Phone and Cable Companies and its Impact on their Small Counterparts, 1 Personal Technologies no. 2, 60 (Springer -Verlag London Ltd., 1997).
- ◆ Video Dialtone: Its Potential for Social Change, 15 Journal of Business Forecasting 16 (1996).
- ◆ Video Dialtone Network Architectures, by Richard Cordero and Jeffery Joles, 15 Journal of Business Forecasting 16 (Summer 1996)
- ◆ Availability of an Implied Right of Action under the Tender Offer Provisions of §14d-f of the Securities Exchange Act of 1934 (15 USCS §78n(d)-(f)), added to the Exchange Act by the Williams Act of 1968, and Rules Promulgated thereunder by the SEC, 120 ALR Federal 145.
- ◆ Venue Provisions of the National Bank Act (12 USCS §94) As Affected By Other Federal Venue Provisions and Doctrines, 111 ALR Federal 235.
- ◆ Construction and Application of the Right to Financial Privacy Act of 1978 (12 USCS §§ 3401-3422), 112 ALR Federal 295.
- ◆ Exemption or Immunity From Federal Antitrust Liability Under the McCarran-Ferguson Act (15 USCS §§1011-1013) and the State Action and Noerr-Pennington Doctrines for the Business of Insurance and Persons Engaged in It, 116 ALR Federal 163.
- ◆ Who May Maintain an Action Under §11(a) of the Securities Act of 1933 (15 USCS §77k (a)), in Connection With False or Misleading Registration Statements, 111 ALR Fed. 83.

## Endnotes (=ent.#)

- <sup>1</sup> a) [http://Judicial-Discipline-Reform.org/docs/DrCordero\\_v\\_TrGordon\\_ScT.pdf](http://Judicial-Discipline-Reform.org/docs/DrCordero_v_TrGordon_ScT.pdf), 04-8371, SCt;  
b) [http://Judicial-Discipline-Reform.org/docs/DrCordero\\_v\\_DeLano\\_ScT\\_3oct8.pdf](http://Judicial-Discipline-Reform.org/docs/DrCordero_v_DeLano_ScT_3oct8.pdf), 08-8382, SCt;  
c) [http://Judicial-Discipline-Reform.org/docs/DrRCordero\\_2v\\_JNinfo\\_6jun8.pdf](http://Judicial-Discipline-Reform.org/docs/DrRCordero_2v_JNinfo_6jun8.pdf), 02-08-90073-jm
- <sup>2</sup> [http://Judicial-Discipline-Reform.org/Follow\\_money/How\\_fraud\\_scheme\\_works.pdf](http://Judicial-Discipline-Reform.org/Follow_money/How_fraud_scheme_works.pdf); [http://Judicial-Discipline-Reform.org/statistics&tables/bkr\\_stats/bkr\\_as\\_percent\\_new\\_cases.pdf](http://Judicial-Discipline-Reform.org/statistics&tables/bkr_stats/bkr_as_percent_new_cases.pdf)
- <sup>3</sup> 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)
- <sup>4</sup> The judges' 'eroded morale over stagnant compensation' is aggravated by the corruptive power of the lots of money available in bankruptcy; ent.1 >A:1666§1
- <sup>5</sup> [http://Judicial-Discipline-Reform.org/Follow\\_money/JudReform\\_from\\_outside.pdf](http://Judicial-Discipline-Reform.org/Follow_money/JudReform_from_outside.pdf)
- <sup>6</sup> The *Follow the money!* investigation would be based, among others, 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:3 >§V];
  - 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);
  - g) commercial databases, e.g., CLEAR, Dun & Bradstreet, LexisNexia, Proquest, WestLaw
- <sup>7</sup> Const. Art. III, Sec. 1; [http://Judicial-Discipline-Reform.org/docs/US\\_Constitution.pdf](http://Judicial-Discipline-Reform.org/docs/US_Constitution.pdf)
- <sup>8</sup> Judicial Conduct and Disability Act; <http://Judicial-Discipline-Reform.org/docs/28usc351-364.pdf>
- <sup>9</sup> [http://www.fjc.gov/history/home.nsf/page/judges\\_impeachments.html](http://www.fjc.gov/history/home.nsf/page/judges_impeachments.html). Unimpeachable judges are Judges Above the Law; cf. ent.3 and [http://Judicial-Discipline-Reform.org/Follow\\_money/unaccount\\_jud\\_nonjud\\_acts.pdf](http://Judicial-Discipline-Reform.org/Follow_money/unaccount_jud_nonjud_acts.pdf).
- <sup>10</sup> Synopsis of an Investigative Journalism Proposal to Answer the Question: Has a Federal Judgeship Become a Safe Haven for Coordinated Wrongdoing?; [http://Judicial-Discipline-Reform.org/Follow\\_money/DrCordero-journalists.pdf](http://Judicial-Discipline-Reform.org/Follow_money/DrCordero-journalists.pdf)
- <sup>11</sup> Contact information about the *Follow the money!* investigatees and links to PACER; [http://Judicial-Discipline-Reform.org/Follow\\_money/contact\\_info.pdf](http://Judicial-Discipline-Reform.org/Follow_money/contact_info.pdf)
- <sup>12</sup> The Report and the Table are described in the Programmatic Proposal. The latter works as a business plan at the pre-quantified stage, setting forth specific activities for the team to conduct its investigation, present its results, and generate income, all toward concrete objectives. [http://Judicial-Discipline-Reform.org/docs/Programmatic\\_Proposal.pdf](http://Judicial-Discipline-Reform.org/docs/Programmatic_Proposal.pdf); see also [http://Judicial-Discipline-Reform.org/docs/strategy\\_expose\\_judicial\\_wrongdoing.pdf](http://Judicial-Discipline-Reform.org/docs/strategy_expose_judicial_wrongdoing.pdf) and [http://Judicial-Discipline-Reform.org/docs/DrRCordero\\_aca&biz\\_venture.pdf](http://Judicial-Discipline-Reform.org/docs/DrRCordero_aca&biz_venture.pdf)
- <sup>13</sup> [http://Judicial-Discipline-Reform.org/docs/18usc1961\\_RICO.pdf](http://Judicial-Discipline-Reform.org/docs/18usc1961_RICO.pdf)
- <sup>14</sup> Judges have no grant of immunity from the Constitution and are 'Equally Justiciable Under Law'; [http://Judicial-Discipline-Reform.org/docs/no\\_judicial\\_immunity.pdf](http://Judicial-Discipline-Reform.org/docs/no_judicial_immunity.pdf)
- <sup>15</sup> [http://Judicial-Discipline-Reform.org/docs/SCt\\_knows\\_of\\_dismissals.pdf](http://Judicial-Discipline-Reform.org/docs/SCt_knows_of_dismissals.pdf)

# Fraudulent Coordination Among The Main Players In The Bankruptcy System

Homeowner or Debtor ↔ Financial Institution : imposes foreclosure-aimed terms

- 1. hidden title, insurance, closing, etc., fees added to principal
- 2. from \$0 down-payment & 0% rate to predatory high rates
- 3. budget-busting escrow charges

Trustee : not appointed at random or Ch.# standing trustee ↔ The Judge: Approves all compensation applications regardless of 11usc330 "actual and necessary services or expenses"

Professional persons: appointed under 11usc327

Attorney:  
Trustee's own law firm

Auctioneer:  
holds no auction or an insider's auction

Appraiser:  
No-appraisal undervaluation

Property management co.: secretly owned by  
Trustee & Auctioneer, e.g. in their minor's names

Other trustees, judges,  
friends & relatives

Intra-sale:  
at loss for capital loss or at inflated price for money laundering

Flip property on open market: quick big gain  
appears small by inflated improvement expenses

Homeowner or Debtor:  
Squeezed dry in pincer movement