

The original documents are located in Box 2, folder “Bankruptcy Act Amendments - PL94-143 (2)” of the Loen and Leppert Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

THE WHITE HOUSE

WASHINGTON

October 30, 1975

Dear Congressman:

Enclosed is a copy of the President's legislative proposal to amend the Bankruptcy Act, to add a new chapter thereto providing for the adjustment of the debts of major municipalities.

Your co-sponsorship and support of this Presidential initiative would be appreciated.

Sincerely,



Charles Leppert, Jr.
Special Assistant
for Legislative Affairs



A B I L L

To amend the Bankruptcy Act to add a new chapter thereto providing for the adjustment of the debts of major municipalities.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bankruptcy Act of 1893 (30 Stat. 544), as amended, is hereby amended to add a new Chapter XVI thereto reading as follows:

CHAPTER XVI - ADJUSTMENT OF INDEBTEDNESSES
OF MAJOR MUNICIPALITIES

JURISDICTION AND RESERVATION OF POWERS

SEC. 801. (a) This Act and proceedings thereunder are found and declared to be within the subject of bankruptcies and, in addition to the jurisdiction otherwise exercised, courts of bankruptcy shall exercise original jurisdiction as provided in this chapter for the composition or extension of the debts of certain public agencies or instrumentalities or political subdivisions. The court in which the petition is filed in accordance with Subsection 804(c) shall exercise exclusive jurisdiction for the adjustment of petitioner's debts and, for purposes of this chapter, shall have exclusive jurisdiction of petitioner and its property, wherever located.

(b) Nothing contained in this chapter shall be construed to limit or impair the power of any State to control by legislation



or otherwise, any public agency or instrumentality or political subdivision of the State in the exercise of its political or governmental powers, including expenditure therefor; Provided, however, that no State law prescribing a method of composition of indebtedness of such agencies shall be binding upon any creditor who does not consent to such composition, and no judgment shall be entered under such State law which would bind a creditor to such composition without his consent.

DEFINITIONS

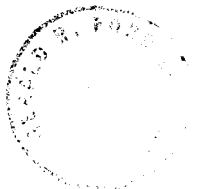
SEC. 802. The words and phrases used in this chapter have the following meanings unless they are inconsistent with the context.

(1) The term "attorney" means an attorney licensed to practice law by any State and includes a law partnership.

(2) The term "claim" means a demand for performance of an obligation to pay money, whether matured or unmatured.

(3) The term "composition" means a plan for payment of less than the full amount of debts provided for by the plan, with or without the extension of time for payment of such debts.

(4) The term "court" means United States District Court sitting in bankruptcy, and the terms "clerk" and "judge"

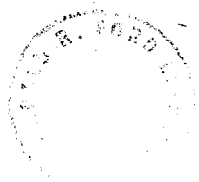


(b) Any public agency or instrumentality or political subdivision subordinate to such municipality or whose responsibilities are restricted to the geographical limits thereof, including incorporated authorities, commissions and districts, for whose debts such municipality is not otherwise liable, is eligible for relief as a separate petitioner in the same proceeding in which such municipality seeks relief under this chapter if such agency, instrumentality or subdivision is not prohibited from filing a petition by applicable State law.

PETITION; PROPOSED PLAN AND STATEMENT OF
REVENUES AND EXPENDITURES; FILING

SEC. 804. (a) Any entity eligible for relief under Section 803 may file a voluntary petition under this chapter. The petition shall state that the petitioner is eligible to file a petition, that the petitioner is insolvent or unable to pay its debts as they mature and that it desires to effect a plan of composition or extension of its debts. The petitioner shall file with its petition lists of claims outstanding and of persons who may be adversely affected by the plan, as set forth in Section 809.

(b) A petition shall be insufficient to invoke the jurisdiction of the court unless it is accompanied by (1) a good faith plan of



composition or extension of debts which petitioner certifies is in its view fair, equitable, feasible, and not unfairly discriminatory in favor of any creditor or class of creditors and (2) a statement of petitioner's current and projected revenues and expenditures adequate to establish that the budget of petitioner will be in balance within a reasonable time after adoption of the plan.

(c) The petition shall be filed with the court in whose territorial jurisdiction the municipality or the major part thereof is located, and shall be accompanied by payment to the clerk of a filing fee of \$100, which shall be in lieu of the fee required to be collected by the clerk under other applicable chapters of this title, as amended.

STAY OF PROCEEDINGS

SEC. 805. (a) A petition filed under Section 804 shall operate as a stay of the commencement or the continuation of any court or other proceeding against the petitioner, its property or any officer or inhabitant of the petitioner, which seeks to enforce any claim against the petitioner; as a stay of any act or the commencement or continuation of any court proceeding to enforce any lien on taxes or assessments, or to reach any property of the petitioner; and as a stay of the application of any set-off or enforcement of any



counterclaim relating to any contract, debt or obligation of the petitioner.

(b) Except as it may be terminated, annulled, modified, or conditioned by the court under Subsection (c) of this Section, the stay provided by Subsection (a) of this Section shall continue until the case is closed or dismissed or the property subject to the lien is, with the approval of the court, abandoned or transferred.

(c) On the filing of a motion seeking relief from a stay provided by Subsection (a) of this Section, the court shall set a hearing for the earliest possible date. The court may, for cause shown, terminate, annul, modify or condition such stay.

(d) The commencement or continuation of any act or proceeding other than described in Subsection (a) of this Section may be stayed, restrained, or enjoined pursuant to Rule 65 of the Federal Rules of Civil Procedure, except that a temporary restraining order or preliminary injunction may be issued without compliance with subdivision (c) of that rule.

(e) No stay, order, or decree of the court may interfere with
(1) any of the political or governmental powers of the petitioner;



or (2) any of the property or revenues of the petitioner necessary for essential governmental purposes; or (3) the petitioner's use or enjoyment of any income-producing property. Provided, however, that the court shall enforce the conditions attached to certificates of indebtedness issued under Subsection 811 and the provisions of the plan of compensation.

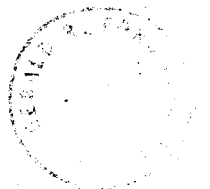
CONTEST AND DISMISSAL OF PETITION

SEC. 806. (a) Any creditor may file a complaint in the bankruptcy court contesting the petition for relief under this chapter or stating any objection he has to the plan. The complaint may be filed at any time up to ten days before the hearing on the confirmation of the plan or within such other times as may be directed by the court.

(b) The court may, upon notice to the creditors and a hearing following the filing of such a complaint, dismiss the proceeding if it finds that the petition was not filed in good faith, that it does not meet the provisions of this chapter, that it has not been prosecuted with reasonable diligence, or that there is no substantial likelihood that a plan of composition will be approved by the court.

NOTICES

SEC. 807. (a) The clerk shall give prompt notice of the commencement of a proceeding under this chapter to the State and to the Securities and Exchange Commission. As creditors and other persons



who may be materially and adversely affected by the plan are identified, the clerk shall give such persons notice of the commencement of the proceeding, a summary of the provisions of the plan and any proposed modification of the plan, and of their right to request a copy of the plan, or modification.

(b) The clerk shall also give notice to all creditors of the time permitted for accepting or rejecting a plan or any modification thereof. Such time shall be 90 days from the filing of the plan or modification unless the court for good cause shall set some other time.

(c) The clerk shall also give notice to all creditors (1) of the time permitted for filing a complaint objecting to confirmation of a plan, (2) of the date set for hearing objections to such complaint, (3) of the date of hearing of a complaint seeking dismissal of the petition, and (4) of the date of the hearing on confirmation of the plan.

(d) All notices given by the clerk shall be given in the manner directed by the court; however, the court may issue an order at any time subsequent to the first notice to creditors directing that those persons desiring written notice file a request with the court. If the court enters such an order persons not so requesting will receive no further written notice of proceedings under the chapter.

(e) Cost of notice shall be borne by the petitioner, unless the court for good cause determines that the cost of notice in a particular instance should be borne by another party.

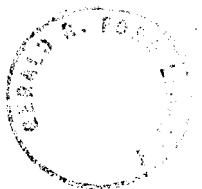


REPRESENTATION OF CREDITORS

SEC. 808. For all purposes of this chapter any creditor may act in person or by an attorney or a duly authorized agent or committee. Where any committee, organization, group, or individual shall assume to act for or on behalf of creditors, such committee, organization, group, or individual shall first file with the court in which the proceeding is pending a list of the creditors represented, giving the name and address of each and describing the amount and character of the claim of each; copies of the instrument or instruments in writing signed by such creditors conferring the authority for representation; and a copy of the contract or contracts of agreement entered into between such committee, organization, group, or individual and the represented creditors, which contract or contracts shall disclose all compensation to be received, directly or indirectly for such representation, which agreed compensation shall be subject to modification and approval by the court.

LIST OF CLAIMS AND PERSONS ADVERSELY AFFECTED

SEC. 809. (a) The list of claims filed with the petition shall include, to the extent practicable, the name of each known creditor to be affected by the plan, his address so far as known to the petitioner, and a description of each claim showing its amount and character, the nature of any security therefor and whether the claim is disputed,




contingent or unliquidated as to amount. With respect to creditors not identified, the petition shall set forth the reasons identification is not practicable, and shall specify the character of claim involved. The list shall be supplemented as petitioner becomes able to identify additional creditors.

(b) If the proposed plan requires revision of assessments so that the proportion of special assessments or special taxes to be assessed against some real property will be different from the proportion in effect at the date the petition is filed, the holders of record of title, legal or equitable, to such real property shall be deemed persons adversely affected and shall be similarly listed.

(c) The court may for cause modify the requirements of Subsections (b) and (c) of this Section.

PROOFS OF CLAIM

SEC. 810. Unless an objection is made by any party in interest, the claim of a creditor that is not disputed, is established by the list of claims filed pursuant to Section 809. The court may set a date by which proofs of claim of unlisted creditors and of creditors whose listed claims are disputed must be filed. If the court does not set such a date, the proofs must be filed before the entry of the order of confirmation. The clerk shall give notice to each person whose claim is listed as disputed in the manner directed by the court.



DEBT CERTIFICATES

SEC. 811. During the pendency of a proceeding for a plan of composition or extension under this chapter, or after the confirmation of the plan if the court has retained jurisdiction, the court may, upon good cause shown, authorize the petitioner to issue certificates of indebtedness for cash, property or other consideration, under such terms and conditions and with such security and priority in payment over existing obligations as the court may approve. Notwithstanding any other provision of law including Section 819 of this chapter, the court shall have plenary jurisdiction of any action which may be brought against petitioner to enforce compliance with the terms of any such certificates of indebtedness.

PRIORITIES

SEC. 812. The following shall be paid in full in advance of the payment of any distribution to creditors under a plan, in the following order:

- (1) The cost and expenses of administration which are incurred by the petitioner subsequent to the filing of a petition under this chapter.
- (2) Debts owed for services and materials actually provided within four months before the date of the filing of the petition under this chapter.



- (3) Debts owing to any person or entity, which by the laws of the United States (other than this Act) are entitled to priority.

PLAN OF ADJUSTMENT

SEC. 813. The plan of composition or extension sought under this chapter may include provisions modifying or altering the right of creditors generally, or of any class of them, secured or unsecured, either through issuance of new securities of any character, or otherwise, and may contain such other provisions and agreements not inconsistent with this chapter as the parties may desire, including provisions for the rejection of executory contracts and unexpired leases.

VOTING ON ACCEPTANCE OF PLAN

SEC. 814. (a) A plan of composition or extension may be confirmed only if, of the creditors voting in writing to accept or reject the plan, those holding two-thirds in amount of each class materially and adversely affected have voted to accept: Provided, however, that no such acceptance shall be required from any class which, under the plan, is to be paid in cash the value of its claims or is to be afforded such method of protection as will, consistent with the circumstances of the particular case, equitably and fairly provide for the realization of the value of its claims.

(b) Unless his claim has been disallowed, any creditor who is included on the list filed pursuant to Section 809 or who files a proof of claim pursuant to Section 810 is entitled to vote to accept or reject a plan or modification thereof within the time set pursuant to Subsection 807(b). Claims owned, held or controlled by the petitioner are not eligible to vote.

(c) The holders of all claims regardless of the manner in which they are evidenced, which are payable without preference out of funds derived from the same source or sources shall be of one class. The holders of claims for the payment of which specific property or revenues are pledged, or which are otherwise given preference as provided by law, shall constitute a separate class or classes of creditors.

(d) If any controversy shall arise as to whether any creditor or class of creditors shall or shall not be materially and adversely affected, the issue shall be determined by the judge, after hearing, upon notice to the parties interested.

MODIFICATION OF PLAN

SEC. 815. Before a plan is confirmed, changes and modifications may be made therein with the approval of the judge after hearing and upon such notice to creditors as the judge may direct, subject to the right of any creditor who has previously accepted the plan to withdraw his acceptance in writing, within a period to be fixed by the



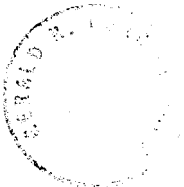
judge, if, in the opinion of the judge, the change or modification will materially and adversely affect such creditor; and if any creditor having such right of withdrawal shall not withdraw within such period, he shall be deemed to have accepted the plan as changed or modified: Provided, however, That the plan as changed or modified shall comply with all the provisions of this chapter and shall have been accepted in writing by the petitioner.

HEARING ON CONFIRMATION OF PLAN

SEC. 816. (a) Within a reasonable time after the expiration of the time within which a plan and any modifications thereof may be accepted or rejected, the court shall set a hearing on the confirmation of the plan and modifications, and the clerk shall give notice of the hearing and time allowed for filing objections as provided in Subsection 807(c).

(b) Any creditor, or any other party in interest may file a complaint objecting to the confirmation of the plan. The complaint shall be served on the petitioner, and such other persons as may be designated by the court, at any time prior to the date of the hearing on confirmation or such earlier date as the court may set.

(c) Before concluding the hearing on confirmation of the plan the judge shall inquire whether any person promoting the plan or doing anything of such a nature, has been or is to be compensated, directly or indirectly, by both the petitioner and any creditor, and shall take evidence under oath to ascertain whether any such practice obtains. After such examination the judge shall make an



adjudication of this issue, and if he finds that any such practice obtains, he shall forthwith dismiss the proceeding and tax all of the costs against such person, or against the petitioner, unless such plan be modified within the time to be allowed by the judge so as to eliminate the possibility of any such practice.

(d) At the conclusion of the hearing, the judge shall make written findings of fact and his conclusions of law thereon, and shall enter a decree confirming the plan if he finds and is satisfied that (1) it is fair, equitable, feasible and not unfairly discriminatory in favor of any creditor or class of creditors; (2) it complies with the provisions of this chapter; (3) it has been accepted by creditors as required in Section 814; (4) all amounts to be paid by the petitioner for services or expenses incident to the composition have been fully disclosed and are reasonable; (5) the offer of the plan and its acceptance are in good faith; (6) the petitioner is authorized by law to take all action necessary to be taken by it to carry out the plan; and (7) it appears from petitioner's current and projected revenues and expenditures that the budget of the petitioner will be in balance within a reasonable time after adoption of the plan. If not so satisfied, the judge shall enter an order dismissing the proceeding. No case shall be reversed or remanded for want of specific or detailed findings unless it is found that the evidence is insufficient to support one or more of the general findings required in this section.

EFFECT OF CONFIRMATION

SEC. 817. (a) The provision of a confirmed plan shall be binding on the petitioner and on all creditors, whether or not they are affected by it, whether or not their claims have been listed, filed, or allowed, and whether or not they have accepted the plan.

(b) The confirmation of a plan shall extinguish all claims against the petitioner provided for by the plan other than those excepted from discharge by the plan or order confirming the plan.

DUTY OF PETITIONER AND DISTRIBUTION UNDER PLAN

SEC. 818. (a) The petitioner shall comply with the provisions of the plan and the orders of the court relative thereto and shall take all actions necessary to carry out the plan.

(b) Subject to the provisions of Subsection (c), distribution shall be made in accordance with the provisions of the plan to creditors (1) whose proofs of claim have been filed and allowed or (2) whose claims have been listed and are not disputed. Distribution to creditors holding securities of record shall be made to the record holders as of the date the order confirming the plan becomes final.

(c) When a plan requires presentment or surrender of securities or the performance of any other act as a condition to participation under the plan, such action must be taken not later than five years after the entry of the order of confirmation. Persons who have not within such time presented or surrendered their securities or taken

such other action shall not participate in the distribution under the plan. Any securities, monies, or other property remaining unclaimed at the expiration of the time allowed for presentment or surrender of securities or the performance of any other act as a condition to participation in the distribution under a confirmed plan shall become the property of the petitioner.

(d) The court may direct the petitioner and other necessary parties to execute and deliver or to join in the execution and delivery of any instruments required to effect a transfer of property pursuant to the confirmed plan and to perform such other acts, including the satisfaction of liens, as the court may determine to be necessary for the consummation of the plan.

RETENTION OF JURISDICTION

SEC. 819. The court may retain jurisdiction of a proceeding under this chapter for such period as it determines is necessary to assure execution of the plan.

REFERENCE OF ISSUES AND COMPENSATION

SEC. 820. (a) The judge may refer any special issues of fact to a referee in bankruptcy, magistrate or another special master for consideration, the taking of testimony, and a report upon such special issues of fact, if the judge finds that the condition of his docket is such that he cannot take such testimony without unduly delaying the dispatch of other business pending in his court, and if

it appears that such special issues are necessary to the determination of the case. Only under special circumstances shall reference be made to a special master who is not a referee in bankruptcy or a magistrate. A general reference of the case to a master shall not be made, but the reference, if any, shall be only in the form of requests for findings of specific facts.

(b) The court may allow reasonable compensation for the services performed by any such special master who is not a salaried Federal employee, and the actual and necessary expenses incurred in connection with the proceeding, including compensation for services rendered and expenses incurred in obtaining the deposit of securities and the preparation of the plan, whether such work may have been done by the petitioner or by committees or other representatives of creditors, and may allow reasonable compensation for the attorneys or agents of any of the foregoing: Provided, however, That no fees, compensation, reimbursement, or other allowances for attorneys, agents, committees, or other representatives of creditors shall be assessed against the petitioner or paid from any revenues, property, or funds of the petitioner except in the manner and in such sums, if any, as may be provided for in the plan of adjustment. An appeal may be taken from any order making such determination or award to the United States Court of Appeals for the circuit in which the proceeding under this chapter is pending, independently of other appeals which may be taken in the proceeding, and such appeal shall be heard summarily.

SEPARABILITY

SEC. 821. If any provision of this chapter, or the application thereof to any agency, instrumentality, or subdivision is held invalid, the remainder of the chapter, or the application of such provision to any other agency or instrumentality or political subdivision shall not be affected by such holding.



IN THE HOUSE OF REPRESENTATIVES

NOVEMBER , 1975

Mr. RODINO (for himself, Mr. EDWARDS of California, Mr. SEIBERLING, Mr. DRINAN, Mr. BADILLO, and Mr. DODD) introduced the following bill; which was referred to the Committee on -----

A BILL

To revise chapter IX of the Bankruptcy Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That chapter IX of the Bankruptcy Act is amended to read
4 as follows:

5 "CHAPTER IX

6 "ADJUSTMENT OF DEBTS OF POLITICAL SUBDIVISIONS AND

7 PUBLIC AGENCIES AND INSTRUMENTALITIES

8 "SEC. 81. CHAPTER IX DEFINITIONS.—As used in

9 this chapter the term—

10 "(1) 'claim' includes all claims of whatever char-

11 acter against the petitioner or the property of the peti-



1 tioner, whether or not such claims are provable under
2 section 63 of this Act and whether secured or unsecured,
3 liquidated or unliquidated, fixed or contingent;

4 “(2) ‘court’ means court of bankruptcy in which
5 the case is pending, or a judge of such court;

6 “(3) ‘creditor’ means holder (including the United
7 States, a State, or subdivision of a State) of a claim
8 against the petitioner;

9 “(4) ‘claim affected by the plan’ means claim as
10 to which the rights of its holder are proposed to be
11 materially and adversely adjusted or modified by the
12 plan;

13 “(5) ‘debt’ means claim allowable under section
14 88 (a);

15 “(6) ‘petitioner’ means agency, instrumentality,
16 or subdivision which has filed a petition under this
17 chapter;

18 “(7) ‘plan’ means plan filed under section 90;

19 “(8) ‘special tax payer’ means record owner or
20 holder of title, legal or equitable, to real estate against
21 which has been levied a special assessment or special
22 tax the proceeds of which are the sole source of pay-
23 ment for obligations issued by the petitioner to defray
24 the costs of local improvements; and

25 “(9) ‘special tax payer affected by the plan’ means



1 a special tax payer with respect to whose real estate the
 2 plan proposes to increase the proportion of special assess-
 3 ments or special taxes referred to in paragraph (8) of
 4 this section assessed against that real estate.

5 "SEC. 82. JURISDICTION AND POWERS OF COURT.—

6 "(a) JURISDICTION.—The court in which a petition is
 7 filed under this chapter shall exercise exclusive original ju-
 8 risdiction for the adjustment of the petitioner's debts, and for
 9 the purposes of this chapter, shall have exclusive jurisdiction
 10 of the petitioner and its property, wherever located.

11 "(b) POWERS.—After the filing of a petition under this
 12 chapter the court may—

13 "(1) permit the petitioner to reject executory con-
 14 tracts and unexpired leases of the petitioner, after hearing
 15 on notice to the parties to such contracts and to such
 16 other parties in interest as the court may designate;

17 "(2) during the pendency of a case under this
 18 chapter, or after the confirmation of the plan if the
 19 court has retained jurisdiction under section 96 (e), after
 20 hearing on such notice as the court may prescribe and for
 21 cause shown, permit the issuance of certificates of in-
 22 debtedness for such consideration as is approved by the
 23 court, upon such terms and conditions, and with such
 24 security and priority in payment over existing obliga-



1 tions, secured or unsecured, as in the particular case may
2 be equitable; and

3 “(3) exercise such other powers as are not incon-
4 sistent with the provisions of this chapter.

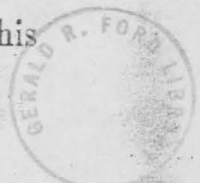
5 “(c) LIMITATION.—Unless the petitioner consents or
6 the plan so provides, the court shall not, by any order or de-
7 cree, in the case or otherwise, interfere with—

8 “(1) any of the political or governmental powers
9 of the petitioner;

10 “(2) any of the property or revenues of the peti-
11 tioner; or

12 “(3) any income-producing property.

13 “SEC. 83. RESERVATION OF STATE POWER TO CON-
14 TROL GOVERNMENTAL FUNCTIONS OF POLITICAL SUB-
15 DIVISIONS.—Nothing contained in this chapter shall be con-
16 strued to limit or impair the power of any State to control,
17 by legislation or otherwise, any municipality or any politi-
18 cal subdivision of or in such State in the exercise of its politi-
19 cal or governmental powers, including expenditures therefor:
20 *Provided, however,* That no State law prescribing a method
21 of composition of indebtedness of such agencies shall be bind-
22 ing upon any creditor who does not consent to such composi-
23 tion, and no judgment shall be entered under such State law
24 which would bind a creditor to such composition without his
25 consent.



1 "SEC. 84. ELIGIBILITY FOR RELIEF.—Any State's
 2 political subdivision or public agency or instrumentality
 3 which is not prohibited by State law from filing a petition
 4 under this chapter is eligible for relief under this chapter
 5 if it is insolvent or unable to meet its debts as they mature,
 6 and desires to effect a plan to adjust its debts.

7 "SEC. 85. PETITION AND PROCEEDINGS RELATING
 8 TO PETITION.—

9 "(a) PETITION.—An entity eligible under section 84
 10 may file a petition for relief under this chapter. In the case
 11 of an unincorporated tax or special assessment district having
 12 no officials of its own, the petition may be filed by its govern-
 13 ing authority or the board or body having authority to levy
 14 taxes or assessments to meet the obligations of the district.
 15 Any party in interest may file a complaint with the court,
 16 not later than 15 days after the mailing of notice required
 17 by subsection (d) is completed, objecting to the filing of
 18 the petition. The court shall, ^{to} ~~to~~ the extent practicable, hear *tr*
 19 and determine all such complaints in a single proceeding.

20 "(b) LIST.—The petitioner shall file with the court a
 21 list of the petitioner's creditors, insofar as practicable. If an
 22 identification of any of the petitioner's creditors is imprac-
 23 ticable, the petitioner shall state in the petition the reasons
 24 such identification is impracticable. If the list is not filed with
 25 the petition, the petitioner shall file the list at such later



1 time as the court, upon its own motion or upon application
2 of the petitioner, prescribes.

3 “(c) VENUE AND FEES.—The petition and any accom-
4 panying papers, together with a filing fee of \$100, shall be
5 filed with a court in a district in which the petitioner is
6 located.

7 “(d) NOTICE.—The court shall give notice of the filing
8 or dismissal of the petition to the State in which the peti-
9 tioner is located, to the Securities and Exchange Commission,
10 and to creditors. The notice shall also state that a creditor
11 who files with the court a request, setting forth that creditor's
12 name and address and the nature and amount of that credi-
13 tor's claim, shall be given notice of any other matter in which
14 that creditor has a direct and substantial interest. The notice
15 required by the first sentence of this subsection shall be pub-
16 lished at least once a week for three successive weeks in at
17 least one newspaper of general circulation published within
18 the jurisdiction of the court, and in such other papers having
19 a general circulation among bond dealers and bondholders
20 as may be designated by the court. The court may require
21 that it be published in such other publication as the court may
22 deem proper. The court shall require that a copy of the
23 notice required by the first sentence of this subsection be
24 mailed, postage prepaid, to each creditor named in the list
25 required by subsection (b) at the address of such creditor



1 given in the list, or, if no address is given in the list for any
2 creditor and the address of such creditor cannot with reason-
3 able diligence be ascertained, then a copy of the notice may,
4 if the court so determines, be mailed, postage prepaid, to
5 such creditor addressed as the court may prescribe.
6 All expense of giving notice required by this subsection
7 shall be paid by the petitioner, unless the court for good
8 cause determines that the cost of notice in a particular in-
9 stance should be borne by another party. The notice shall be
10 first published, and the mailing of copies of the notice shall be
11 completed, as soon as practicable after the filing of the
12 list required by subsection (b).

13 “(e) STAY OF ENFORCEMENT OF CLAIMS AGAINST
14 PETITIONER.—

15 “(1) EFFECT OF FILING A PETITION.—A petition
16 filed under this chapter shall operate as a stay of the
17 commencement or the continuation of a judicial or
18 other proceeding against the petitioner, its property, or
19 an officer or inhabitant of the petitioner, which seeks
20 to enforce any claim against the petitioner, or of an act
21 or the commencement or continuation of a judicial or
22 other proceeding which seeks to enforce a lien upon
23 the property of the petitioner, and shall operate as a stay
24 of the enforcement of any set-off or counterclaim relating
25 to a contract, debt, or obligation of the petitioner.



1 “(2) DURATION OF AUTOMATIC STAY.—Except
2 as it may be terminated, annulled, modified, or condi-
3 tioned by the court under the terms of this section, the
4 stay provided for ~~herein~~ *IN THIS SUBSECTION* shall continue until the case
5 is closed or dismissed, or the property subject to the lien
6 is, with the approval of the court, abandoned or trans-
7 ferred.

8 “(3) RELIEF FROM AUTOMATIC STAY.—Upon the
9 filing of a complaint seeking relief from a stay provided
10 for by this section, the court may, for cause shown, ter-
11 minate, annul, modify, or condition such stay.

12 “(4) OTHER STAYS.—The commencement or con-
13 tinuation of any other act or proceeding may be stayed,
14 restrained, or enjoined by the court, upon notice to each
15 person and entity against whom such order would apply,
16 and for cause shown. The petitioner shall not be required
17 to give security as a condition ~~to~~ ^{of} an order under this
18 paragraph.

19 “(f) UNENFORCEABILITY OF CERTAIN CONTRACTUAL
20 PROVISIONS.—A provision in a contract or lease, or in any
21 law applicable to such a contract or lease, which terminates
22 or modifies, or permits a party other than the petitioner to
23 terminate or modify, the contract or lease because of the
24 insolvency of the petitioner or the commencement of a case
25 under this Act is not enforceable if any defaults in prior per-



1 formance of the petitioner are cured and adequate assurance
2 of future performance is provided.

3 "SEC. 86. REPRESENTATION OF CREDITORS.—

4 "(a) REPRESENTATION AND DISCLOSURE.—Any credi-
5 tor may act in person or by an attorney or a duly authorized
6 agent or committee. Every person representing more
7 than one creditor shall file with the court a list of the cred-
8 itors represented by such person, giving the name and ad-
9 dress of each such creditor, together with a statement of
10 the amount, class, and character of the claim held by that
11 creditor, and shall attach to the list a copy of the instrument
12 signed by the holder of such claim showing such person's
13 authority, and shall file with the list a copy of the contract
14 or agreement entered into between such person and the
15 creditors represented by that person. Such person shall dis-
16 close all compensation to be received, directly or indirectly,
17 by that person. That compensation shall be subject to mod-
18 ification and approval by the court.

19 "(b) MULTIPLE COMPENSATION.—The court shall
20 examine all of the contracts, proposals, acceptances, deposit
21 agreements, and all other papers relating to the plan, specifi-
22 cally for the purpose of ascertaining if any person promoting
23 the plan, or doing anything of such a nature, has been or is
24 to be compensated, directly or indirectly, by both the peti-



1 tioner and any of its creditors, and shall take evidence under
2 oath to determine whether any such compensation has
3 occurred or is to occur. After such examination the court
4 shall make an adjudication of this issue, and if it be found
5 that any such compensation has occurred or is to occur, the
6 court shall dismiss the petition and tax all of the costs against
7 the person promoting the plan or doing anything of such a
8 nature and receiving such multiple compensation, or against
9 the petitioner, unless such plan is modified, within the time
10 to be allowed by the court, so as to eliminate the possibility
11 of such compensation, in which event the court may proceed
12 to further consideration of the confirmation of the plan.

13 "SEC. 87. REFERENCE AND JOINT ADMINISTRATION.—

14 "(a) REFERENCE.—The court may refer any special
15 issue of fact to a referee in bankruptcy for consideration, the
16 taking of testimony, and a report upon such special issue
17 of fact, if the court finds that the condition of its docket is
18 such that it cannot take such testimony without unduly de-
19 laying the dispatch of other business pending in the court,
20 and if it appears that such special issue is necessary to the
21 determination of the case. A reference to a referee in bank-
22 ruptcy shall be the exception and not the rule. The court
23 shall not make a general reference of the case, but may
24 only request findings of specific facts.

25 "(b) EXPENSES, ~~OF REFERENCE~~.—The court may allow



1 reasonable compensation for the actual and necessary ex-
2 penses incurred in connection with the case, including com-
3 pensation for services rendered and expenses incurred in
4 obtaining the deposit of securities and the preparation of the
5 plan, whether such work has been done by the petitioner or
6 by a representative of creditors, and may allow reasonable
7 compensation for an attorney or agent of any of them. No
8 fee, compensation, reimbursement, or other allowances for an
9 attorney, agent, or representative of creditors shall be as-
10 sessed against the petitioner or paid from any revenues,
11 property, or funds of the petitioner except in the manner
12 and in such sums, if any, as may be provided for in the plan.

13 “(c) JOINT ADMINISTRATION.—If more than one peti-
14 tion by related entities are pending in the same court, the
15 court may order a joint administration of the cases.

16 “SEC. 88. CLAIMS.—

17 “(a) ALLOWANCE OF CLAIMS.—In the absence
18 of an objection by a party in interest, or of a filing of a
19 proof of claim, the claim of a creditor that is not disputed,
20 contingent, or unliquidated, and appears in the list filed
21 by the petitioner under section 85 (b) shall be deemed al-
22 lowed. The court may set a date by which proofs of other
23 claims shall be filed. If the court does not set a date,
24 such proofs of other claims shall be filed before the
25 entry of an order confirming the plan. Within thirty days



1 after the filing by the petitioner of the list under section
2 85 (b), the court shall give written notice to each person
3 and entity whose claim is listed as disputed, contingent, or
4 unliquidated, informing each such person or entity that a
5 proof of claim must be filed with the court within the time
6 fixed under this subsection. If there is no objection to such
7 claim, the claim shall be deemed allowed. If there is an
8 objection, the court shall hear and determine the objection.

9 “(b) CLASSIFICATION OF CREDITORS.—The court shall
10 designate classes of creditors whose claims are of substantially
11 similar character and the members of which enjoy sub-
12 stantially similar rights, consistent with the provisions of
13 section 89, except that the court may create a separate class
14 of creditors having unsecured claims of less than \$100 for
15 reasons of administrative convenience.

16 “(c) DAMAGES UPON REJECTION OF EXECUTORY CON-
17 TRACTS.—If an executory contract or an unexpired lease
18 is rejected under a plan or under section 82 (b), any per-
19 son injured by such rejection may assert a claim against the
20 petitioner. The rejection of an executory contract or unex-
21 pired lease constitutes a breach of the contract or lease as
22 of the date of the commencement of the case under this
23 chapter. The claim of a landlord for injury resulting from
24 the rejection of an unexpired lease of real estate or for
25 damages or indemnity under a covenant contained in such



1 lease shall be allowed, but shall be limited to an amount not
2 to exceed the rent, without acceleration, reserved by such
3 lease for the year next succeeding the date of the sur-
4 render of the premises to the landlord or the date of reentry
5 of the landlord, whichever first occurs, whether before or
6 after the filing of the petition, plus unpaid accrued rent, with-
7 out acceleration, up to the date of such surrender or reentry.
8 The court shall scrutinize the circumstances of an assign-
9 ment of a future rent claim and the amount of the considera-
10 tion paid for such assignment in determining the amount of
11 damages allowed the assignee of that claim.

12 "SEC. 89. PRIORITIES.—The following shall be paid
13 in full in advance of the payment of any distribution to
14 creditors under a plan, in the following order:

15 "(1) The costs and expenses of administration
16 which are incurred subsequent to the filing of a petition
17 under this chapter.

18 "(2) Debts or consideration owed for services or
19 materials actually provided within four months before
20 the date of the filing of the petition under this chapter.

21 "(3) Debts owing to any person or entity, which
22 by the laws of the United States (other than this Act)
23 are entitled to priority.

24 "SEC. 90. FILING AND TRANSMISSION OF PLAN AND
25 MODIFICATIONS.—



1 “(a) FILING.—The petitioner shall file a plan for the
2 adjustment of the petitioner’s debts. If such plan is not filed
3 with the petition, the petitioner shall file the plan at such
4 later time as the court, upon its own motion or upon applica-
5 tion of the petitioner, prescribes. At any time prior to the
6 confirmation of a plan, the petitioner may file a modification
7 of the plan.

8 “(b) TRANSMISSION OF PLAN AND MODIFICATIONS.—
9 As soon as practicable after the plan or any modification of
10 the plan has been filed, the court shall fix a time within
11 which creditors may accept or reject the plan and any
12 modification of the plan, and shall transmit by mail a copy
13 of such plan or modification, or a summary and any analysis
14 of such plan or modification, a notice of the time or times
15 within which the plan or modification may be accepted or
16 rejected, and a notice of the right to receive a copy, if it
17 has not been sent, of such plan or modification, to each of
18 the creditors, to each of the special tax payers affected by
19 the plan, and to each such other party in interest as the
20 court may designate. Upon request by a recipient of such
21 summary and notice, the court shall transmit by mail a copy
22 of the plan or modification to that recipient.

23 “SEC. 91. PROVISIONS OF PLAN.—A petitioner’s plan
24 may include provisions modifying or altering the rights of
25 creditors generally, or of any class of them, secured or un-



1 secured, either through issuance of new securities of any
2 character, or otherwise, and may contain such other provi-
3 sions and agreements not inconsistent with this chapter as
4 the parties may desire, including provisions for the rejection
5 of any executory contract or unexpired lease.

6 "SEC. 92. ACCEPTANCE.—

7 "(a) WHO MAY ACCEPT OR REJECT.—Unless a claim
8 has been disallowed or is not materially and adversely
9 affected, any creditor included on the list filed under sec-
10 tion 85 (b) or who files a proof of claim and whose claim is
11 not then disputed, contingent, or unliquidated as to amount,
12 and any security holder of record as of the date of the trans-
13 mittal of information under section 90 (b), may accept or
14 reject the plan and any modification of the plan within the
15 time fixed by the court. Notwithstanding an objection to a
16 claim, the court may temporarily allow such claim in such
17 amount as the court deems proper for the purpose of accept-
18 ance or rejection under this section.

19 "(b) GENERAL RULE.—Except as otherwise provided
20 in this section, the plan may be confirmed only if it has
21 been accepted in writing by or on behalf of creditors hold-
22 ing at least two-thirds in amount of the claims of each class.

23 "(c) COMPUTING ACCEPTANCE.—The two-thirds ma-
24 jority required by subsection (b) is two-thirds in amount
25 of the claims of creditors who file an acceptance or rejection



1 within the time fixed by the court, but not including claims
2 held, or controlled by the petitioner, or claims of creditors
3 specified in subsection (d).

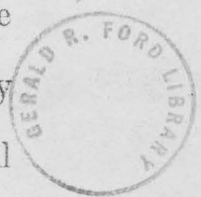
4 “(d) EXCEPTION.—It is not requisite to the confirma-
5 tion of the plan that there be such acceptance by any creditor
6 or class of creditors—

7 “(1) whose claims are not affected by the plan;

8 “(2) if the plan makes provision for the payment
9 of their claims in cash in full; or

10 “(3) if provision is made in the plan for the pro-
11 tection of the interests, claims, or lien of such creditor
12 or class of creditors.

13 “(e) ACCEPTANCE OF MODIFICATION.—If the court
14 finds that a proposed modification does not materially and
15 adversely affect the interest of a creditor, the modification
16 shall be deemed accepted by that creditor if that creditor
17 has previously accepted the plan. If the court determines that
18 a modification does materially and adversely affect the inter-
19 est of a creditor, that creditor, if entitled to accept or reject
20 the plan, shall be given notice of the proposed modification
21 and the time allowed for its acceptance or rejection. The
22 number of acceptances of the plan as modified required by
23 subsection (b) shall be obtained. The plan as modified shall
24 be deemed to have been accepted by any creditor who
25 accepted the plan and who fails to file a written rejection of



1 the modification with the court within such reasonable time
2 as shall be allowed in the notice to that creditor of the pro-
3 posed modification.

4 "SEC. 93. OBJECTION TO PLAN.—A creditor affected by
5 the plan or a special tax payer affected by the plan may file a
6 complaint with the court objecting to the confirmation of the
7 plan. The Securities and Exchange Commission may also file
8 a complaint with the court objecting to the confirmation of
9 the plan, but in the case of a complaint filed under this sec-
10 tion, the Securities and Exchange Commission may not
11 appeal or file any petition for appeal. A complaint objecting
12 to the confirmation of the plan may be filed with the court
13 any time prior to ten days before the hearing on the con-
14 firmation of the plan, or within such other time as prescribed
15 by the court.

16 "SEC. 94. CONFIRMATION—

17 "(a) HEARING ON CONFIRMATION.—Within a reason-
18 able time after the expiration of the time set by the court
19 within which a plan and any modifications of the plan may
20 be accepted or rejected, the court shall hold a hearing on the
21 confirmation of the plan and any modifications of the plan.
22 The court shall give notice of the hearing and of the time
23 allowed for filing objections to all parties entitled to object
24 under section 93.



1 “(b) **CONDITIONS FOR CONFIRMATION.**—The court
2 shall confirm the plan if satisfied that—

3 “(1) the plan is fair and equitable and feasible
4 and does not discriminate unfairly in favor of any
5 creditor or class of creditors;

6 “(2) the plan complies with the provisions of this
7 chapter;

8 “(3) all amounts to be paid by the petitioner
9 or by any person for services and expenses in the case
10 or incident to the plan have been fully disclosed and
11 are reasonable;

12 “(4) the offer of the plan and its acceptance are
13 in good faith; and

14 “(5) the petitioner is not prohibited by law from
15 taking any action necessary to be taken by it to carry
16 out the plan.

17 **“SEC. 95. EFFECT OF CONFIRMATION.**—

18 “(a) **PROVISIONS OF PLAN BINDING.**—The provisions
19 of a confirmed plan shall be binding on the petitioner and
20 on all creditors who had timely notice or actual knowledge
21 of the petition or plan, whether or not their claims have been
22 allowed under section 88, and whether or not they have
23 accepted the plan.

24 “(b) **DISCHARGE.**—

25 “(1) The petitioner is discharged from all claims against



1 it provided for in the plan except as provided in paragraph
2 (2) of this subsection as of the time when—

3 “(A) the plan has been confirmed;

4 “(B) the petitioner has deposited the consideration
5 to be distributed under the plan with a disbursing agent
6 appointed by the court; and

7 “(C) the court has determined—

8 “(i) that any security so deposited will con-
9 stitute upon distribution a valid legal obligation of
10 the petitioner; and

11 “(ii) that any provision made to pay or secure
12 payment of such obligation is valid.

13 “(2) The petitioner is not discharged under paragraph
14 (1) of this subsection from any claim—

15 “(A) excepted from discharge by the plan or order
16 confirming the plan; or

17 “(B) whose holder, prior to confirmation, had
18 neither timely notice nor actual knowledge of the peti-
19 tion or plan.

20 “SEC. 96. POSTCONFIRMATION MATTERS.—

21 “(a) TIME ALLOWED FOR DEPOSIT UNDER THE PLAN.—

22 Prior to or promptly after confirmation of the plan, the court
23 shall fix a time within which the petitioner shall deposit with
24 the disbursing agent appointed by the court any consideration
25 to be distributed under the plan.



1 “(b) DUTIES OF PETITIONER.—The petitioner shall
2 comply with the plan and the orders of the court relative to
3 the plan, and shall take all actions necessary to carry out the
4 plan.

5 “(c) DISTRIBUTION.—Distribution shall be made in
6 accordance with the provisions of the plan to creditors whose
7 claims have been allowed under section 88. Distribution
8 may be made at the date the order confirming the plan be-
9 comes final to holders of securities of record whose claims
10 have not been disallowed.

11 “(d) COMPLIANCE DATE.—When a plan requires pre-
12 sentment or surrender of securities or the performance of
13 any other action as a condition to participation under the
14 plan, such action shall be taken not later than five years after
15 the entry of the order of confirmation. A person who has
16 not within such time presented or surrendered that person’s
17 securities or taken such other action required by the plan
18 shall not participate in any distribution under the plan, and
19 the consideration deposited with the disbursing agent for
20 distribution to such person shall become the property of the
21 petitioner.

22 “(e) CONTINUING JURISDICTION.—The court may re-
23 tain jurisdiction over the case for such period of time as the
24 court determines is necessary for the successful execution of
25 the plan.

26 “(f) ORDER OR DECREE AS EVIDENCE AND NOTICE.—



1 A certified copy of any order or decree entered by the court
2 in a case under this chapter shall be evidence of the jurisdic-
3 tion of the court, the regularity of the proceedings, and the
4 fact that the order was made. A certified copy of an order
5 providing for the transfer of any property dealt with by the
6 plan shall be evidence of the transfer of title accordingly,
7 and, if recorded as conveyances are recorded, shall impart
8 the same notice that a deed, if recorded, would impart.

9 "SEC. 97. EFFECT OF EXCHANGE OF DEBT SECURITIES
10 BEFORE DATE OF THE PETITION.—The exchange of new
11 debt securities under the plan for claims covered by the plan,
12 whether the exchange occurred before or after the date of the
13 petition, does not limit or impair the effectiveness of the
14 plan or of any provision of this chapter. The written consents
15 of the holders of any securities outstanding as the result of
16 any such exchange under the plan shall be included as
17 acceptances of such plan in computing the acceptance re-
18 quired under section 92."

19 "SEC. 98. DISMISSAL.—The court may dismiss the
20 case after hearing on notice—

21 " (1) for want of prosecution;

22 " (2) if no plan is proposed within the time fixed
23 or extended by the court;

24 " (3) if no proposed plan is accepted within the
25 time fixed or extended by the court;



1 “(4) if confirmation is refused and no further time
2 is granted for the proposal of other plans; or

3 “(5) where the court has retained jurisdiction after
4 confirmation of a plan—

5 “(A) if the debtor defaults in any of the terms
6 of the plan; or

7 “(B) if a plan terminates by reason of the
8 happening of a condition specified therein.

9 “SEC. 99. SEPARABILITY.—If any provision of this
10 chapter or the application thereof to any agency, instrumen-
11 tality, or subdivision is held invalid, the remainder of the
12 chapter, or the application of such provision to any other
13 agency or instrumentality or political subdivision shall not
14 be affected by such holding.”



94TH CONGRESS
1ST SESSION

H. R.

A BILL

To revise chapter IX of the Bankruptcy Act.

By Mr. RODINO and Mr. EDWARDS of California

NOVEMBER , 1975

Referred to the Committee on -----



RED TAG

THE WHITE HOUSE
WASHINGTON

December 6, 1975

MEMORANDUM FOR: MAX FRIEDERSDORF
THROUGH: VERN LOEN *VL*
FROM: CHARLES LEPPERT *clg.*
SUBJECT: H.R. 10624 - Bankruptcy Act Amendments

Ken Klee, of House Judiciary Committee, advises that H.R. 10624, Bankruptcy Act Amendments, is scheduled for consideration by the House on Tuesday, December 9, 1975, under an open rule with two hours of debate.

There will be at least three amendments offered to the bill which are:

1. An amendment to provide that the provisions of this bill shall be applicable only to cities having a population of one million or more.
2. An amendment which will require the municipality to have a balanced budget prior to confirmation of a plan in bankruptcy, and
3. An amendment providing for preference of creditors and avoidance of fraudulent transfers.



COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES

MEMORANDUM

December 8, 1975

To: Charlie Leppert
From: Ken Klee
Re: Holtzman Amendments to H.R. 10624

Here are three sets of Holtzman amendments to H.R. 10624. The 12/8 draft is the version that will be offered on the Floor with the 12/8 fallback offered if the other set fails.

The 12/8 draft is a revision of the 12/5 draft which we discussed over the phone.



12/8 Draft

Five

Amendment to H.R. 10624, As Reported
Offered by Ms. Holtzman

Page 3, line 23, beginning immediately after
"debtedness", strike out all down through "equitable"
on page 4, line 3, and insert in lieu thereof the following:

the payment of interest and principal of which
may be guaranteed by the United States in
accordance with section 99.



12/8
Draft

Amendment to H.R. 10624, As Reported

Offered by Ms. Holtzman

Page 2, line 24, strike out "and".

Page 3, strike out the period in line 5 and insert
in lieu thereof "; and".

Page 3, immediately after line 5, insert the
following new paragraph:

"(10) 'certificate of indebtedness' means certificate
issued under section 82 (b) (2), the payment of
interest and principal of which may be guaranteed
by the United States in accordance with section 99.



12/8 Draft

Amendments to H.R. 10624, As Reported

Offered by Ms. Holtzman

Page 23, immediately after line 8, insert the following new sections:

"Sec. 99. Certificates of Indebtedness.--

"(a) Certificates of indebtedness permitted by the court under section 82(b)(2) shall be issued for such consideration as is approved by the court, upon such terms and conditions, and with the highest security and priority over existing obligations, secured or unsecured, as in the particular case may be equitable.

"(b) The guarantee fee for any certificate of indebtedness shall be determined by the court but shall not exceed 3-1/2 per centum per annum of the total principal amount outstanding.

"(c) The Secretary of the Treasury shall be given notice of and shall have the right to appear at any hearing on the issuance of certificates of indebtedness.

"(d) The value of certificates of indebtedness outstanding in a particular case at any one time shall not exceed \$2 billion, and the maturity of any certificate of indebtedness issued under this chapter shall not exceed one year.



"(e) If the court finds that any or all certificates of indebtedness in a particular case can be sold without a guarantee by the United States, the court may permit the issuance of such certificates without such guarantee. The limitations and requirements imposed by subsections (b), (c) and (d) shall not apply to such unguaranteed certificates.

"Sec. 99a. Appropriations.-- There are authorized to be appropriated such sums as may be necessary from time to time for payments required as a consequence of the guarantee under this chapter of any certificate of indebtedness.

Page 23, line 9, strike out "99" and insert in lieu thereof "100"



12/8
FALLBACK
POSITION

Amendments to H.R. 10624, As Reported

Offered by Ms. Holtzman

Page 2, line 24, strike out "and".

Page 3, strike out the period in line 5 and insert
in lieu thereof "; and".

Page 3, immediately after line 5, insert the following
new paragraph:

"(10) 'certificate of indebtedness' means certificate
issued under section 82(b)(2), which constitutes a
bill or note of the issuing county, district, political
subdivision, or municipality for the purposes of
12 U.S.C. § 355.



12/8
FALLBACK
POSITION

Amendments to H.R. 10624, As Reported

Offered by Ms. Holtzman

Page 23, immediately after line 8, insert the following new section:

"Sec. 99. Certificates of Indebtedness. --
Certificates of indebtedness permitted by the court under section 82(b)(2) shall constitute the bills or notes of the issuing county, district, political subdivision, or municipality for the purposes of 12 U.S.C. § 355.

Page 23, line 9, strike out "99" and insert in lieu thereof "100".



12/5 Draft

Amendments to H.R. 10624, As ^{Reported} ~~Introduced~~

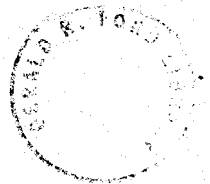
Offered by Ms. Holtzman

Page 2, line 24, strike out "and".

Page 3, strike out the period in line 5 and insert
in lieu thereof"; and".

Page 3, immediately after line 5, insert the following
new paragraph:

"(10) 'certificate of indebtedness' means certificate
issued under section 82 (b) (2), the payment of interest
and principal of which are guaranteed by the United
States.

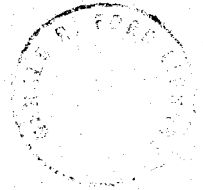


14/5 Draft

Reported

Amendment to H.R. 10624, As Introduced
Offered by Ms. Holtzman

Page 3, line 23, beginning immediately after
"debtedness", strike out all down through "equitable"
on page 4, line 3, and insert in lieu thereof the following:
the payment of interest and principal of
which shall be guaranteed by the United States



12/5 Draft

Reported

Amendments to H.R. 10624, As Introduced
Offered by Ms. Holtzman

Page 23, immediately after line 8, insert the following new sections:

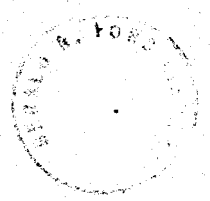
"Sec. 99. Certificates of Indebtedness.--

"(a) Certificates of indebtedness permitted by the court under section 82(b)(2) shall be issued for such consideration as is approved by the court, upon such terms and conditions, and with the highest security and priority over existing obligations, secured or unsecured, as in the particular case may be equitable.

"(b) The guarantee fee for any certificate of indebtedness shall be determined by the court but shall not exceed 3 1/2 per centum per annum of the total principal amount outstanding.

"(c) The Secretary of the Treasury shall be given notice of and shall have the right to appear at any hearing on the issuance of certificates of indebtedness.

"(d) The value of certificates of indebtedness outstanding in a particular case at any one time shall not exceed ^{\$2.5}~~\$2~~ billion, and the maturity of any certificate of indebtedness issued under this chapter shall not exceed one year



"(e) If the court finds that any or all certificates of indebtedness in a particular case can be sold without a guarantee by the United States, the court may permit the issuance of such certificates without such guarantee. The limitations and requirements imposed by subsections (b), (c) and (d) shall not apply to such unguaranteed certificates.

"Sec. 99a. Appropriations. -- There are authorized to be appropriated such sums as may be necessary from time to time for payments required as a consequence of the guarantee under this chapter of any certificate of indebtedness.

Page 23, line 9, strike out "99" and insert in lieu thereof "100"

