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The Practitioner and the Bankruptcy Process

*John M. Bates**

In this article, Referee Bates discusses the role of the practicing attorney in the bankruptcy process. He outlines the basic steps which must be followed in the typical case and also turns his attention to other practical matters including the collection of fees.

I. INTRODUCTION

The present rumblings of the economic structure of this country and the progressive and rapid increase in the number of bankruptcy cases filed make the bankruptcy court an extending field for the general practitioner at the bar. This is not a discussion of the economic situation but an endeavor to present a few observations on practical matters of procedure which may perhaps be helpful to attorneys engaged in bankruptcy practice.

Initially, a lawyer need not be a bankruptcy specialist to represent his client properly in bankruptcy matters, but he should not attempt to do so without some preparation, at least the same preparation which he would make in the presentation of a client's case in some other court.

It is amazing that lawyers will come into court and state, "Your Honor, I know nothing about bankruptcy." Would this same lawyer stand before the chancellor and say, "Your Honor, I know nothing of equity," or before a judge of the circuit court and admit that he was wholly unfamiliar with the law of negotiable instruments? Most certainly he would not. Why then will the able and experienced attorney admit, before his client and fellow members of the bar, that he is not familiar with a bankruptcy case in which he has been employed to act, and in which he could become informed with the same effort required in other matters? The stock answer is the difficulty of bankruptcy proceedings, but a minimum of preparation will reveal that the law of bankruptcy is not as intricate as it seems.

What procedure should be followed in the preparation of a bankruptcy matter? The procedure followed by Abraham Lincoln is set out in a letter to C. B. Shelledy, an attorney, February 16, 1842. He wrote:

Yours of the 10th is duly received. Judge Logan and myself are doing business together now, and we are willing to attend to your cases as you propose. As to

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terms, we are willing to attend each case you prepare and send us for \$10.00 (when there shall be no opposition) to be sent in advance, or you know that it is safe. It takes \$5.75 of cost to start upon, that is \$1.75 to clerk, and \$2.00 to each of two publishers of papers. Judge Logan thinks it will take the balance of \$20 to carry the case through. This must be advanced from time to time as the services are performed, as the officers will not act without. I do not know whether you can be admitted an attorney of the Federal court in your absence or not; nor is it material, as the business can be done in our names.

Thinking it may aid you a little, I send you one of our blank forms of Petitions. It, you will see, is framed to be sworn to before the Federal court clerk, and, in your cases, will have to be so far changed, as to be sworn to before the clerk of your circuit court; and his certificate must be accompanied with his official seal. The schedules too, must be attended to. Be sure that they contain the *creditors* names, their *residences*, the *amounts* due each, the *debtors* names, their *residences*, and the amounts they owe, also all property and where located.

Also be sure that the schedules are signed by the applicants as well as the Petition.

Publication will have to be made here in one paper, and in one nearest the residence of the applicant. Write us in each case where the last advertisement is to be sent, whether to you or to what paper.

I believe I have now said everything that can be of any advantage.

This is as sound advice today as it was in 1842.

Before going on to the slightly more technical problems dealt with by this article, perhaps we had better clear up the meaning of two very basic terms. (1) The "court of bankruptcy" is simply the local federal district court.¹ As one would expect, the Federal Rules of Civil Procedure have been made applicable to the bankruptcy court. (2) The "referee in bankruptcy" is an official of the federal district court to whom virtually all bankruptcy cases are referred. While the referee has many different functions, his position can probably best be understood by thinking of him as a specialist who substitutes for the federal district judge in most bankruptcy matters. He presides at hearings, creditors' meetings, etc., and examines schedules, rules on the provability of claims and the like. The referee's decision is "subject always to a review by the judge."²

II. ALTERNATIVE REMEDIES

When a debt-ridden client comes to his attorney for help an initial determination must be made: whether to liquidate or rehabilitate. A hopelessly insolvent debtor, whether a business operation or a wage earner, should receive very little encouragement to continue a struggle which will only postpone the evil day. In such cases liquidation by straight bankruptcy accompanied by discharge is the only solution. In those cases where it

1. 66 Stat. 420 (1952), 11 U.S.C. § 1(10) (1958).

2. 52 Stat. 857-58 (1938), 11 U.S.C. § 66 (1958).

appears that the client only needs a "breathing spell," and the circumstances which were the basis of the financial difficulties can be solved, rehabilitation may be the preferable course to pursue.

Where liquidation seems in order the first seven chapters of the Bankruptcy Act, known as "straight bankruptcy," provide the remedy. Under "straight bankruptcy" the petitioner, whether he is solvent or insolvent, may file a voluntary petition in bankruptcy, turn over all of his assets to a trustee in bankruptcy, have his exemptions as set out in the statutes of the state of his domicile set apart to him, and subsequently be discharged from those of his debts which are dischargeable under the Bankruptcy Act.

If, on the other hand, it should be determined that rehabilitation is the proper course, several chapters of the Bankruptcy Act are available and applicable. The petitioner under these chapters has none of the stigma (if any exists) attached to bankruptcy, since in these proceedings he is not designated as a bankrupt but as a "debtor."

Chapter XI of the act is most often used to aid ailing businesses, although almost all legal entities are covered. Of this chapter the following was stated in *Commonwealth v. Thompson*:³ "The purpose is . . . not the liquidation of a business but its financial rehabilitation . . . to the end that eventually the debtor can satisfy his creditors and resume unsupervised control of his business. The end of bankruptcy is to bury a dead business; the end of Chapter XI is to cure a sick one."

Chapter XIII of the Bankruptcy Act is increasing in popularity. It provides for the relief of "wage earners" by allowing them to present a workable plan for payment of their debts out of future earnings. The plan must be approved by a majority of those unsecured creditors in number and amount filing claims. Secured creditors may be handled "outside the plan" or be taken into its provisions by consent.

Basically, the relief given is similar to that provided in chapter XI.

III. OUTLINE OF STRAIGHT BANKRUPTCY PROCEEDINGS

The procedures followed in rehabilitation proceedings are so varied that they can hardly be summarized without doing serious injustice to them. Straight bankruptcy, on the other hand, can be outlined briefly and fairly adequately. It should be pointed out, however, that in giving such a brief outline, the real problems are often glossed over or ignored; this discussion is intended only to give the reader a very general picture of the typical straight bankruptcy proceeding.

The proceeding always begins with the *petition*. If the petition is filed by the debtor,⁴ the proceeding is a voluntary bankruptcy; if it is filed by

3. 190 F.2d 10 (1st Cir. 1951).

4. BANKRUPTCY FORM 1, promulgated by the United States Supreme Court, 305 U.S. 679, 717-30 (1939).

creditors,⁵ it is an involuntary proceeding. Any person, whether natural or artificial, may become a voluntary bankrupt except for five types listed under section 4(a) of the Bankruptcy Act:⁶ municipal, railroad, insurance and banking corporations and building and loan associations. The reason for these exceptions would seem to be obvious: each excepted type is peculiarly charged with a public interest.

Similarly, any person, whether natural or artificial, may become an involuntary bankrupt except the five types mentioned above and two additional categories: wage earners and farmers.⁷ Since a wage earner is defined by the act as a person who works for wages at a rate of compensation not exceeding \$1,500 a year, this exception is not of any great importance. The exception for farmers is a more significant one.

There are certain other requirements concerning the petition in involuntary bankruptcy cases. *First*, if there are twelve or more creditors the petition must be filed by at least three of them; moreover, these three combined must have provable claims which exceed the value of securities held by them by \$500 or more.⁸ If there are less than twelve creditors, any one creditor whose provable claims exceed the value of securities held by him by \$500 or more may file the petition.⁹ In passing, it should be mentioned that not all creditors are counted for the purpose of discovering whether the magic number of twelve has been reached. Those eligible for such computation are listed in section 59(e) of the act.¹⁰

Second, a petition for involuntary bankruptcy is appropriate only if during the four months preceding the filing of the petition the debtor has committed an "act of bankruptcy." There are six acts of bankruptcy, listed in section 3 of the act:¹¹

(1) Concealing, removing, or permitting the concealment or removal of, any part of one's property with intent to hinder, delay, or defraud creditors; or suffering a transfer of any of one's property fraudulently under section 67 or 70.

(2) Making or suffering a preferential transfer as defined by section 60(a).

(3) Suffering or permitting, while insolvent, any creditor to obtain a lien upon any of one's property through legal proceedings or distraint and not having such vacated or discharged within thirty days from the

5. BANKRUPTCY FORM 5, promulgated by the United States Supreme Court, 305 U.S. 679, 741-42 (1939), as amended by 331 U.S. 878 (1947).

6. 52 Stat. 845 (1938), 11 U.S.C. § 22(a) (1958).

7. 52 Stat. 845 (1938), 11 U.S.C. § 22(b) (1958).

8. 66 Stat. 425 (1952), 11 U.S.C. § 95(b) (1958).

9. 66 Stat. 425 (1952), 11 U.S.C. § 95(b) (1958).

10. 52 Stat. 869 (1938), 11 U.S.C. § 95(e) (1958).

11. 66 Stat. 421 (1952), 11 U.S.C. § 21(a) (1958).

date thereof or at least five days before the date set for sale or other disposition.

(4) Making a general assignment for the benefit of creditors.

(5) Procuring, permitting or suffering voluntarily the appointment of a receiver or trustee to take charge of one's property while insolvent or unable to pay debts.

(6) Admitting in writing one's inability to pay his debts and his willingness to be adjudged a bankrupt.

As has been said, these acts must have been committed within four months of the filing of the petition. The four months requirement has been interpreted as follows: In the case of the first and fourth acts of bankruptcy, the four months begin at the date when the transfer or assignment became so far perfected that no bona fide purchaser from the debtor could have thereafter acquired any rights in the property superior to those of the transferee or assignee. In the case of the second act of bankruptcy, the four month period begins at the date when the transfer became perfected as prescribed by section 60(a). In the case of the third act of bankruptcy, the four month period begins at the date when the lien was obtained.¹²

The debtor may use his solvency as a good defense except in cases based upon the fourth and sixth acts of bankruptcy.¹³ If the debtor proves himself solvent in the other situations, he has not committed an act of bankruptcy.

As soon as the petition has been filed, *process* is served on the debtor. Any of the methods used for service of process in civil actions in the federal district courts may be used in bankruptcy proceedings.

If the debtor wishes to contest any of the allegations of the petition, he should file an *answer*,¹⁴ stating what portions of the petition he alleges to be untrue. If the debtor wishes to contest on the issues of whether or not he has committed an act of bankruptcy, including whether or not he is insolvent, he may demand a jury for those issues at or before the time when the answer must be filed.¹⁵ He is not entitled to a jury hearing on the issue of whether the proper number of creditors have signed the petition.

After the filing of the petition and answer (or if no answer is filed, after the last day on which it could be filed) a *hearing* (adjudication) is held.¹⁶ At the hearing, the court determines whether the petition has been filed by the proper parties and/or whether an act of bankruptcy has been committed. On the basis of these determinations, the judge either dismisses the

12. 66 Stat. 422 (1952), 11 U.S.C. § 21(b) (1958).

13. See 52 Stat. 845 (1938), 11 U.S.C. §§ 21(c),(d) (1958).

14. BANKRUPTCY FORM 7, promulgated by the United States Supreme Court, 305 U.S. 679, 742-43 (1939).

15. 52 Stat. 852 (1938), 11 U.S.C. § 42 (1958).

16. 52 Stat. 851-52 (1938), as amended, 11 U.S.C. § 41 (1958).

petition or enters a decree of adjudication. Simply put, a decree of adjudication means that the court has taken custody of the debtor's property for the purpose of liquidation. This has far-reaching implications, for title to all the debtor's property, no matter where located, is transferred by this decree to the trustee in bankruptcy as of the date when the petition was filed.¹⁷ (Not, it should be noted, as of the date of adjudication.) Since there may be a considerable interval between the filing of the petition and the appointment of a trustee, the court may appoint an interim receiver to control the debtor's assets until the trustee is designated.

A number of duties devolve upon the bankrupt by virtue of the adjudication. The most important of these is the *preparation and filing of schedules*; in these the bankrupt states under oath what property he owns in considerable detail and also who his creditors are, with their addresses if known.¹⁸ To the debtor, this is one of the most important steps in the proceeding, since if these schedules are not full and complete, he may be denied discharge of his debts.¹⁹ Even if he does obtain a discharge, debts which are not scheduled are not discharged unless the creditor has notice of the proceedings in bankruptcy.²⁰

Not less than ten nor more than thirty days after the adjudication the *first meeting of creditors* is held.²¹ This meeting is significant principally in regard to three facets of bankruptcy procedure: the election of the trustee, the allowance and proof of claims, and the examination of the debtor.

The trustee is normally selected by creditors by a majority in number and amount of all claims allowed and represented at the first meeting.²² Only unsecured claims are allowed voting rights although claims which are only partially secured are allowed voting power to the extent of the unsecured amount.²³ A claim of \$50 or less is not counted in computing the number of creditors voting, but is counted to determine the amount of claims participating.²⁴ In the event the creditors prove unable to elect a trustee, the referee will appoint one.

Only those claims which have been allowed are permitted voting rights in the first meeting of creditors. To be allowed, the claim must be provable within the meaning of the act, and must be filed under oath with a description of the claim, securities held by the creditor filing the claim and the like.²⁵ In general, all claims must be filed within six months of the date of the first meeting of creditors; there are, however, a number of exceptions to

17. 52 Stat. 879 (1938), as amended, 11 U.S.C. § 110 (1958).

18. 66 Stat. 422 (1952), 11 U.S.C. § 25(a)(8) (1958).

19. See 52 Stat. 850 (1938), as amended, 11 U.S.C. § 32(c) (1958).

20. 52 Stat. 851 (1938), 11 U.S.C. § 35(a)(3) (1958).

21. 52 Stat. 865 (1938), as amended, 11 U.S.C. § 91 (1958).

22. 52 Stat. 860 (1938), as amended, 11 U.S.C. § 72(a) (1958).

23. 30 Stat. 560 (1898), as amended, 11 U.S.C. § 92(b) (1958).

24. 52 Stat. 866 (1938), 11 U.S.C. § 92(c) (1958).

25. 52 Stat. 866 (1938), 11 U.S.C. § 93(a) (1958).

this which are too technical to go into here.²⁶ The fact that this is essentially an elementary discussion of the steps in the bankruptcy process also precludes discussion of the problem of what claims are provable and allowable. These matters are covered by sections 57 and 63 of the Bankruptcy Act and have given rise to a plethora of litigation in spite of the apparent simplicity of the statute's language.

The first meeting of creditors usually provides the first opportunity for extensive questioning of the debtor. He may be asked for a great variety of information in regard to the schedules he has prepared and his statement of his affairs. The bankrupt and his attorney would be well advised to come to this meeting with books in hand and a thorough understanding of the debtor's situation, for not only will the examination usually be thorough, it may also be used as the basis for determining whether or not the debtor should be discharged.

During the months after this meeting of creditors, the detail work of the bankruptcy proceeding goes on unabated. The trustee will collect the debtor's assets, arrange for their liquidation, sue to recover assets when necessary; creditors may continue to examine the debtor, as may the trustee; further claims will be filed which must be allowed or denied.

When this task of analyzing the debtor's affairs, marshalling his assets, and making judgments on claims has been completed (it should be remembered that appeal through the federal system may be possible on certain questions in this process), the two final stages of the bankruptcy procedure will take place: the discharge and the distribution of assets. Six months must pass before these can occur.

Not every bankrupt is entitled to a discharge. There are seven grounds provided by section 14 of the Bankruptcy Act²⁷ on which creditors may object to the allowance of a discharge. Moreover, even if a discharge is given, it ordinarily does not state which particular debts are discharged, but only that those debts which are dischargeable have been wiped out. Section 17 provides that certain types of debts are not dischargeable, notably claims which are not provable, taxes, non-scheduled debts, and debts incurred by various listed types of unsavory behavior.

The proper method for distribution of assets is spelled out with considerable clarity in the statute.²⁸ Valid liens against the estate which are not voidable come first. After these liens have been satisfied, the remaining fund (if any, and frequently there is none) is available to unsecured creditors. Within this group, however, there is a list of priorities established by section 64(a) which must be followed.

With the distribution of assets and discharge, the bankruptcy proceeding

26. 66 Stat. 424-25 (1952), 11 U.S.C. § 93(n) (1958).

27. 52 Stat. 850 (1938), as amended, 11 U.S.C. § 32(c) (1958).

28. See 52 Stat. 872-82 (1938), as amended, 11 U.S.C. §§ 101-12 (1958).

is closed. The creditors take whatever return they have been able to salvage, and the debtor accepts his discharge gratefully, not realizing at times that the effect of the discharge is still subject to litigation by those creditors who feel that their claims were not subject to discharge under the act. Perhaps this brief outline will provide a background against which other material in this symposium can be better understood.

IV. ATTORNEY'S FEES

Having decided to file a petition under the Bankruptcy Act, the lawyer must consider the matter of his fees, a most important matter and often in bankruptcy a most difficult problem. Ideally, the lawyer should have his fee before filing the petition, but unhappily this is not always possible.

When a client finally decides to consult an attorney regarding his declining and insoluble financial state, he is as a rule in dire straits. He has no cash, his salary has been attached, he cannot obtain a loan, his car is out of gasoline and his family without food. Is it a sound business policy for a lawyer to finance and extend credit to one already hopelessly insolvent? The answer is no—but frequently it must be done.

It should be remembered that the attorney is not, at the time of filing, a creditor. Therefore, it is entirely proper for him to receive payment of his fee *in advance*, out of the assets of the bankrupt left in his hands, since he is actually conserving assets of the bankrupt estate. The amount of the fee, however, is subject to scrutiny by the referee with regard to its reasonableness. Many lawyers for some strange reason feel that they have perpetrated some vague offense if payment is made to them out of the assets of the bankrupt. This, of course, is without foundation. A lawyer earns his fee in the preparation of the schedules; there is no impropriety in receiving payment, prior to filing, out of the assets.

It must be remembered, however, that the above statements have application only to those fees incurred in the bankruptcy matter itself and not to obligations and fees previously incurred. As to these debts, the lawyer must enter the lists along with the other creditors.

Where the client has ready cash no fee problem should exist. The problem arises where there is no cash. Many times in this situation, however, the client does have assets not encumbered by a lien. Does the attorney have recourse to these unencumbered assets for fee payment, and would this constitute a preference? To the first question the answer is "yes." To the second, "definitely not." Section 60(d) of the Bankruptcy Act²⁹ provides:

If a debtor shall, directly or indirectly, in contemplation of the filing of a petition by or against him, pay money or transfer property to an attorney and

29. 52 Stat. 870 (1938), 11 U.S.C. § 96(d) (1958).

counselor at law, solicitor in equity, or proctor in admiralty for services to be rendered, the transaction shall be reexamined by the court on petition of the trustee or any creditor and shall be held valid only to the extent of a reasonable amount to be determined by the court, and the excess may be recovered by the trustee for the benefit of the estate.

Are there other methods by which an attorney may secure his fee? Yes, the debtor may give a note secured by a mortgage on his unencumbered assets. Is such a mortgage a preference which could be subject to attack by the trustee in bankruptcy?

In the case of *Caldwell v. Valley Nat'l Bank*,³⁰ the court held that a debtor in failing circumstances had the right to seek the advice and assistance of counsel and to make reasonable compensation to such counsel; the execution of a note secured by a chattel mortgage for his services did not constitute a preference. The court stated:

The object of 60d. was to afford the bankrupt representation by counsel, who would not have to take chances as a general creditor, but might know that a reasonable fee was assured, and hence would be zealous to render active service in what is often a difficult situation. It also safeguarded the estate by enabling the Trustee to secure a summary reexamination of the propriety of any fee paid. It seems quite immaterial, therefore, whether the payment was made at the beginning of the service or later, providing bankruptcy was in contemplation during the time when all the services compensated for were rendered, and the payment was for services which were to be rendered when the professional engagement was entered upon.³¹

Unquestionably the debtor is entitled to the services of competent counsel paid from the assets prior to filing.

Another situation which presents a problem to many attorneys is solicitation. It must be accepted generally that the conduct of a lawyer should be ethical; he must conform to the Canons of Ethics, whether it be in bankruptcy or any other court. It is unprofessional for lawyers to interject themselves into a case to which they had no connection at the start by obtaining a list of creditors from the schedules and contacting the creditors with the object of employment as receiver, trustee, or attorney. This type of solicitation can never be justified.

However, there are proper spheres of solicitation by attorneys in bankruptcy matters.

An attorney who already represents one creditor may solicit other creditors for the purpose of filing an involuntary bankruptcy petition. In the case of *People ex rel. Chicago Bar Ass'n v. Edelson*,³² the court said:

It is unprofessional for an attorney having no interest to advise the filing of a petition in bankruptcy or to solicit claims for that purpose An attorney

30. 208 F.2d 645 (10th Cir. 1953).

31. 208 F.2d at 646.

32. 313 Ill. 601, 145 N.E. 246 (1924).

having a claim which it is his duty to collect should not be debarred from soliciting other claims, in order to procure creditors sufficient in number and amount to authorize the filing of a petition in bankruptcy, on the ground that such solicitation is unprofessional. To do so might deprive him of the only available means of collecting the claim which he has. *The motive of the solicitation was important in determining the propriety of the action.* If it was to begin litigation in order to enable the respondents to secure fees for themselves, the action was unprofessional and dishonorable; if it was to secure their clients' claims, it was not unprofessional or dishonorable.³³

Accordingly, it is not unprofessional for a lawyer already employed by one creditor to collect a claim, to solicit other claims in order to have the number and amount sufficient to file an involuntary petition. Otherwise, a debtor could be guilty of the most flagrant fraud or other inequitable conduct and yet one creditor alone would be powerless to act to force him into bankruptcy. An attorney representing this creditor in order to fulfill his professional obligation to his client must necessarily be empowered to solicit additional creditors, since this is the only way he can protect the interests of his client. However, he must at all times act with intent to protect his client and not to procure additional fees for himself.

In another sphere consider the solicitation of proofs of claim and powers of attorney for the purpose of electing a trustee. The act does not mention such solicitation except that general order 39 expressly prohibits the bankruptcy receiver and/or his attorney from such solicitation. Undoubtedly, according to the cases, it is not improper for a lawyer to solicit claims and vote them, provided such claims were not solicited through the influence of the bankrupt or a particular adverse creditor, nor obtained by bankrupt's attorney to be used in the bankrupt's interest. Suffice it to say that the soliciting attorney must have been retained by a creditor of the bankrupt and most certainly cannot be a stranger to the proceeding.

There are many evils attendant to solicitation, the primary one being the tendency to solicit for private gain rather than in the interest of the client; therefore it should be confined strictly to narrow limits.

V. MISCELLANEOUS PROBLEMS

A number of common mistakes and misconceptions in procedure have come to my attention through repetition. These observations are not intended to be critical but are made with the thought that they may perhaps be helpful in the preparation of schedules.

Many attorneys in drafting bankruptcy schedules are under the erroneous impression that if a judgment creditor has been listed in the statement of affairs, it is not necessary to list him in the schedules. Contrariwise, notices to creditors are mailed from the schedules and if not so listed the judgment

33. 145 N.E. at 249. (Emphasis added.)

creditor, though listed in the statement of affairs, will not normally receive actual notice of the bankruptcy proceeding from the bankruptcy court.

Furthermore, listing in the statement of affairs does not constitute constructive notice to the judgment creditor. An attorney may, therefore, be faced with the subsequent embarrassment of having to explain to his client why the bankrupt did not obtain a discharge as to this creditor when the attorney had knowledge of the existence of such person.

On schedule B-1 attorneys habitually list real estate indicating an encumbrance, but fail to list the mortgage holder under schedule A-2, "Creditors Holding Securities." This listing must be made in schedule A-2 in order for the secured creditor to be assured of notice of the bankruptcy proceeding.

It is also a popular misconception among the bankrupt petitioners, and among some attorneys, that if the bankrupt pays one debt after adjudication he thereby renews all debts. This most certainly is "chimney corner law" and clearly erroneous, for a bankrupt may renew any one of his obligations and pay any one of his several creditors without becoming obliged to pay them all.

Clients on many occasions have been advised by counsel that it is unlawful to make a new contract on an obligation listed in the schedules until after the first meeting of creditors. While it is no doubt proper and certainly advisable to delay making a new contract until after the first meeting, it is not unlawful prior to that time to re-enter into a new contract based upon a pre-existing debt.

Most frequently in schedule B-2 (the personal property schedule) property is not itemized as required. Paragraph "D," under which household goods are to be listed, is usually the most troublesome. Items *must* be listed separately—not "household goods" and a total valuation.

Analogously, in schedule B-5 (the exemptions schedule) attorneys frequently list in the column entitled "valuation" the market value of the articles claimed as exempt, without regard to the value of bankrupt's interest therein. This is most confusing to the trustee in bankruptcy, since it appears that the value as listed is the value of the bankrupt's interest, when generally, in fact, the value of this interest is nil and the bankrupt has no equity above liens in the property. Therefore, only the value of the equity should be here listed.

Not infrequently there are two bankruptcies pending at the same time under identical or very similar names. Creditors or their attorneys frequently omit the bankruptcy number from the claim forms. This practice is conducive to serious errors and possible loss by the creditor. The identifying number should without exception be placed on all claim forms. This presents no problem since the number is always available to the creditors from notices mailed by the bankruptcy court.

While procedure in bankruptcy matters is not difficult it requires meticulous attention to detail. After observing many cases, it is my opinion that the average practitioner who carefully observes the rules of procedure and is painstaking and conscientious in drafting the schedules and other required pleadings can find bankruptcy an interesting and rewarding practice.