

News from Senator

BOB DOLE



(R - Kansas)

2213 Dirksen Building, Washington, D.C. 20510

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CONTACT: WALT RIKER
(202) 224-6521

DOLE SAYS SUPREME COURT DECISION PAVES THE WAY FOR SWEEPING BANKRUPTCY REFORM

WASHINGTON -- A Supreme Court decision today that limits the powers of federal bankruptcy judges has suddenly opened the way for an across-the-board reform of bankruptcy law. Senator Robert Dole (R.-Kan.), Chairman of the Senate Judiciary Subcommittee on Courts, said he will act immediately to correct the flaws in the 1978 Bankruptcy Act that prompted today's important Supreme Court decision.

"The Court basically held that Congress delegated too much power to federal bankruptcy judges in the 1978 Act. These judges are appointed for limited terms, and the Act grants them powers which are normally reserved for district court judges, who are appointed for life terms. The Court held that this arrangement vested too much power in judges who are arguably subject to political pressures due to the limited nature of their appointments. In the Subcommittee on Courts of the Judiciary Committee, which I chair, we have had legislation ready for some time in anticipation of this decision. I believe that we can solve the problems identified by the Court well in advance of the time deadline the Court has given us," Dole stated.

The Court decision gives Congress until October 4th to act on corrective legislation. Until that time, the decision is stayed so as to avoid disruption of the bankruptcy cases now pending.

Dole added that the need for corrective legislation will provide an opportunity for the Congress to enact other bankruptcy reform measures which have been pending in the House and Senate for some time. Among the bills awaiting action are Dole's grain elevator bankruptcy bill and a comprehensive revision of sections of the Code dealing with consumer credit.

"The decision of the Supreme Court requires immediate action," Dole said. "I have conferred with other members of the Judiciary Committee on the need for bankruptcy reform legislation across the board, and I am confident that the consensus will be in favor of omnibus legislation which addresses all of the problems we have identified with the 1978 Act, not just that area focused upon by the Court."

"I am especially optimistic that the interminable logjam on grain elevator bankruptcy reform may at last be broken. The high Court's decision is a powerful vehicle -- it can finally push meaningful legislation through Congress that will provide protection for American farmers when grain elevators go under," Dole said.